


**brochure presented to
the new york society
of security analysts**

1967

**CANADIAN INTERNATIONAL
POWER COMPANY LIMITED**



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INTRODUCTION

Canadian International Power Company Limited was incorporated in Canada, in December 1956, to carry on public utility business and to invest in shares and securities of other companies. At that time and in January 1957, the Company offered to exchange 3 of its 6 per cent preferred and 12 common shares for one share of International Power Company Limited, acquiring thereby 190,063 shares of the 195,700 shares of the capital stock of the latter. Since then, a further 4,770 shares of International Power Company Limited have been purchased. Through its subsidiaries, International Power Company Limited had been carrying on the business of public utilities most successfully in a number of countries in Latin America, from about 1926. Holdings at present comprise the following:

	Jurisdiction of Incorporation	Percentage of Voting Securities Owned	
		Directly	Through Subsidiaries
Canadian International Power Company Limited	Canada		
C.A. Energía Eléctrica de Venezuela (Maracaibo Company)	Venezuela	99.7 %	
C.A. Energía Eléctrica de Barquisimeto (Barquisimeto Company)	Venezuela	86.0	
Subsidiary:			
C.A. Planta Eléctrica de Carora (Carora Company)	Venezuela		99.9 %
Empresas Eléctricas Venezolanas S.A.	Venezuela	99.6	
Compañía de Alumbrado Eléctrico de San Salvador (San Salvador Company)	El Salvador	88.3	
Subsidiary:			
Compañía Eléctrica de Oriente (Oriente Company)	El Salvador		99.8
Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited (Bolivian Company)	Nova Scotia	99.2	
The Barbados Light and Power Company Limited (Barbados Company)	Barbados	83.2	
Monterey Railway, Light and Power Company	Canada	80.8	
Subsidiary:			
Plásticos y Troquelados Hurtado S.A.	Mexico		51.0
International Power Company Limited	Canada	99.5	
Subsidiaries:			
La Electricidad de Perijá C.A. (Perijá Company)	Venezuela		100.0
Empresa de Luz y Fuerza Eléctrica de Oruro (Oruro Company)	Bolivia		95.8
Compañía Territorial Mexi-Cana S.A.	Mexico		100.0
Hemisphere Management Services Limited (Hemisphere)	Canada	100.0	

COMPANY CAPITALIZATION

At December 31, 1966 the capitalization of the Company was:

	Authorized	Issued
Preferred shares of the par value of Can. \$20 each issuable in series	2,000,000	
5.2% Cumulative Redeemable Preferred Shares, 1965 Series	350,000	342,458
Common Shares without nominal or par value	2,500,000	2,317,256

Other than an aggregate of 6,000 unissued shares of the Company's common stock issuable under a share option plan to a senior executive, no unissued shares of the common stock are reserved for issuance for any specific purpose.

The preferred shares are redeemable at the option of the Company as a whole, or in part, on 30 days' notice at Can.\$21.00 per share through December 31, 1967; thereafter through December 31, 1969 at Can.\$20.80 per share; thereafter through December 31, 1971 at Can.\$20.60 per share and thereafter at Can.\$20.40 per share; in each case plus a sum equal to accrued and unpaid preferential dividends calculated to the date fixed for redemption. Subject to the right of the Company to purchase such shares for cancellation at any time at or under the redemption price plus costs of purchase. Each share is entitled to one vote.

In the Preferred Stock Conditions, provision is made for the Company to use in each year as a Preferred Stock Purchase Fund, an amount of Can.\$70,000 being 1 per cent of the aggregate par value of all 1965 series Preferred Shares previously issued for the purchase for cancellation of 1965 series Preferred Shares at prices not exceeding their par value plus reasonable costs of acquisition.

The proceeds from the 5.2 per cent Preferred Stock, together with Can.\$13,192,850 of Company cash were used to redeem Can.\$20,192,850 of 6 per cent Preferred Stock on January 5, 1966. The original amount of this issue in 1957 was Can.\$28,509,450 par value, which had been reduced by annual purchases through the Preferred Stock Purchase Fund.

U.S. INTEREST EQUALIZATION TAX

The U.S. Internal Revenue Service has ruled that the Company is a less developed country corporation for purposes of the Interest Equalization Tax for the calendar year 1966, and that accordingly, no Interest Equalization Tax will be imposed for any acquisition of stock of the Company made during 1966 and on or before March 31, 1967. The Company has already made application for a similar ruling for 1967, which is expected shortly.

DIVIDENDS

Initial dividend on the common stock was 25 cents (Canadian funds) per share, paid June 30, 1961; and a similar dividend was paid December 29, 1961. In subsequent years dividends on the common stock have been paid regularly. The following is the record of the dividends paid:

Year	Per Share
1961	\$0.50
1962	0.75
1963	0.75
1964	1.00
1965	1.00
1966	1.40*
1967	0.40* first quarter

*Commencing with the 1966 second quarter dividend, the Company has paid dividends in U.S. dollars, whereas previously they were paid in Canadian funds.

The withholding tax imposed by the Canadian Government on dividends paid to non-residents is 10 per cent. The Company qualifies for this lower rate as it has more than the necessary 25 per cent degree of Canadian ownership.

SHAREHOLDERS

The following is the breakdown of shareholders of the common stock as at February 28, 1967:

167 United States residents hold 1,638,620 shares, of which the United Corporation holds 1,298,918.

1,524 Canadian residents hold 665,585 shares.

58 other shareholders hold 13,051 shares.

STOCK EXCHANGE LISTING

Preferred and common stock of the Company have been listed on the Montreal Stock Exchange since the inception of the Company in 1956. On January 24, 1967, the common stock of the Company was listed on the American Stock Exchange.

EARNINGS

The following is a breakdown of Operating Revenue and Net Income as between the various countries in which operations are carried on:

OPERATING REVENUE

	Millions of U.S. \$				Percentage			
	1963	1964	1965	<i>Preliminary</i> 1966	1963	1964	1965	<i>Preliminary</i> 1966
Venezuela	\$14	\$15	\$18	\$21	54%	53%	57%	57%
El Salvador	7	7	8	9	27	25	25	24
Bolivia	4	4	3	4	15	15	10	11
Barbados	1 ¹	2	3	3	4	7	8	8
	<u>\$26</u>	<u>\$28</u>	<u>\$32</u>	<u>\$37</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

NET INCOME

	Millions of U.S. \$				Percentage			
	1963	1964	1965	<i>Preliminary</i> 1966	1963	1964	1965	<i>Preliminary</i> 1966
Venezuela	\$5.6	\$6.1	\$6.9	\$7.5	62%	62%	68%	66%
El Salvador	0.7	0.6	0.8	1.1	8	6	8	10
Bolivia	2.0	2.0	1.5	2.0	22	21	15	18
Barbados	0.2 ¹	0.4	0.3	0.4	2	4	3	4
Mexico	0.3	0.3	0.3	0.3	3	3	3	2
Canada & United States .	0.3	0.4	0.3	0.0	3	4	3	—
	<u>\$9.1</u>	<u>\$9.8</u>	<u>\$10.1</u>	<u>\$11.3</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

¹From date of acquisition of June, 1963.

BACKGROUND

Operating and economic data is provided by country in the following sections of this brochure.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AND CONSOLIDATED SUBSIDIARY COMPANIES

CONDENSED BALANCE SHEETS

1966-1962

(Thousands of Dollars)

ASSETS	<i>Preliminary</i> 1966	1965	1964	1963	1962
Utility Plant	168,811	148,233	132,679	126,232	116,220
Reserve for Depreciation . . .	<u>35,031</u>	<u>30,933</u>	<u>27,649</u>	<u>27,892</u>	<u>24,742</u>
Utility Plant Less Reserves . .	133,780	117,300	105,030	98,340	91,478
Investments	9,944	9,700	9,056	2,114	2,374
Current Assets	31,191	36,428	33,480	27,609	25,454
Other Assets	<u>1,165</u>	<u>1,630</u>	<u>2,177</u>	<u>3,860</u>	<u>276</u>
	<u>176,080</u>	<u>165,058</u>	<u>149,743</u>	<u>131,923</u>	<u>119,582</u>
LIABILITIES					
Long Term Debt.	7,296	4,021	460	—	—
Preferred Stock	6,378	20,193	20,861	21,456	22,142
Common Stock Equity	110,073	100,401	95,094	73,203	67,055
Appraisal Surplus	<u>20,211</u>	<u>16,434</u>	<u>16,076</u>	<u>16,076</u>	<u>16,076</u>
Total Capitalization	<u>143,958</u>	<u>141,049</u>	<u>132,491</u>	<u>110,735</u>	<u>105,273</u>
Minority Interest	6,423	4,318	3,990	2,771	2,481
Bank Loans	9,496	6,965	3,348	3,937	312
Current Liabilities	13,884	9,695	6,681	6,250	4,499
Other Liabilities & Reserves .	<u>2,319</u>	<u>3,031</u>	<u>3,233</u>	<u>8,230</u>	<u>7,017</u>
	<u>176,080</u>	<u>165,058</u>	<u>149,743</u>	<u>131,923</u>	<u>119,582</u>

1) 1966 and 1965 are U.S. Dollars.

2) 1964 and 1963 are a mixture of Canadian and U.S. Dollars.

3) 1966—1964 is the Consolidation of all subsidiaries.

1963 does not include Mexican subsidiaries.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AND CONSOLIDATED SUBSIDIARY COMPANIES

CONDENSED INCOME ACCOUNTS

1966-1962

(Thousands of U.S. Dollars)

	<i>Preliminary</i> 1966	1965	1964	1963	1962 ¹
Operating Revenue	\$36,614	\$31,358	\$28,167	\$25,363	\$23,404
Operating Revenue Deductions					
Operation & Maintenance	11,131	10,129	9,094	8,293	6,588
Purchased Power	5,046	4,363	3,811	3,533	3,300
Taxes —					
Income	4,510	3,666	3,411	3,209	2,730
Other	1,060	759	457	349	577
Provision for depreciation and renewals	4,171	3,672	2,816	2,209	2,207
	<u>25,918</u>	<u>22,589</u>	<u>19,589</u>	<u>17,593</u>	<u>15,402</u>
Operating Income	10,696	8,769	8,578	7,770	8,002
Investment Income	<u>1,507</u>	<u>1,635</u>	<u>1,447</u>	<u>1,489</u>	<u>1,327</u>
Gross Income	<u>12,203</u>	<u>10,404</u>	<u>10,025</u>	<u>9,259</u>	<u>9,329</u>
Income Deductions					
Interest Expense	914	474	257	117	65
Interest charged to construction credit	(505)	(438)	(327)	(263)	(254)
Minority Interest	<u>473</u>	<u>308</u>	<u>285</u>	<u>309</u>	<u>209</u>
	<u>882</u>	<u>344</u>	<u>215</u>	<u>163</u>	<u>20</u>
Net Income	<u>\$11,321</u>	<u>\$10,060</u>	<u>\$ 9,810</u>	<u>\$ 9,096</u>	<u>\$ 9,309</u>
Less: Dividends on Preferred Shares	<u>332</u>	<u>1,157</u>	<u>1,165</u>	<u>1,209</u>	<u>1,303</u>
	<u>\$10,989</u>	<u>\$ 8,903</u>	<u>\$ 8,645</u>	<u>\$ 7,887</u>	<u>\$ 8,006</u>
Earnings per Common Share .	\$4.74	\$3.87	\$3.78	\$3.46	\$3.51

¹1962 — a combination of U.S. and Canadian Dollars

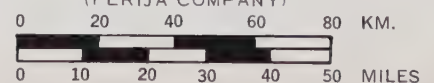


LEGEND

- TRANSMISSION LINES
- PROPOSED LINES
- INTERNATIONAL BORDER

C.A. ENERGIA ELECTRICA DE VENEZUELA
(THE MARACAIBO COMPANY)

LA ELECTRICIDAD DE PERIJA C.A.
(PERIJA COMPANY)



VENEZUELA

1965 Population: Country	8,722,212
Maracaibo and Perijá Service Area . . .	809,733
Barquisimeto and Carora Service Area . .	340,000
Total Service Area	1,149,733

The Venezuelan operations are carried on through the following subsidiaries:

a) The Maracaibo Company

The Maracaibo Company operates under concession contracts granted by each district served. The major concession contract for the District of Maracaibo extends until January 1977, at which time, the Municipality has the option to purchase the assets at fair value. If the option is not exercised, the contract is automatically renewed for an additional period of 25 years. Rates charged by the Maracaibo Company are fixed by negotiation with the District Councils, and in all cases, are set out in the contract under which the Company operates in the particular district. The Maracaibo Company is free to negotiate individual contracts with its larger industrial customers. The present electric rates in the current modified concession contract are very appreciably lower than the rates in the original Maracaibo concession contract. The rate reductions were made possible through growth and the efficient expansion of the service facilities since the signing of that contract.

Early in 1966 the electric systems of the towns of Santa Bárbara and San Carlos with over 3,000 customers, were acquired. These towns are located in the District of Colón, in the extreme southwest of Lake Maracaibo, which is a rich agricultural region. The supply of electric service to the municipal district is covered by a concession contract extending to January 1977.

Effective January 1, 1967, the electric system of the Shell Oil Company of Venezuela in the District of La Concepción was purchased for Bs. 4,000,000 (\$888,889). The system adjoins the Maracaibo Company service area in the west. The equipment and installations purchased include 10,000 kilowatts of serviceable gas turbines, some 150 miles of transmission lines at 34,500 and 6,900 volts, together with associated substations. By a further contract, the Maracaibo Company is supplying the Shell Oil Company load in this District of approximately 8,000 kilowatts for its continuing oil field operation. The contract for this service extends to January 1, 1979.

An offer to the Venezuelan public of 100,000 common shares at par of Bs. 100 (U.S. \$22.22) is in preparation and will be marketed shortly, which will result in a locally held minority of 4.9 per cent.

b) The Perijá Company

The Perijá Company was formed in April 1963, for the purpose of acquiring two small electric companies serving the towns of Machiques and La Villa del Rosario in the District of Perijá, State of Zulia, located some 50 and 80 miles respectively southwest of the city of Maracaibo. Power is purchased wholesale from the Maracaibo Company through a 138,000 volt transmission line, having a capacity in excess of 40,000 kilowatts. The Perijá Company, which serves 7,100 customers, is developing a market for the sale of electric power for agricultural purposes and in particular for irrigation in this region.

THE BARQUISIMETO COMPANY



LEGEND

- TRANSMISSION LINES
- STATE BORDERS

C.A. ENERGIA ELECTRICA DE BARQUISIMETO
(BARQUISIMETO COMPANY)
C.A. PLANTA ELECTRICA DE CARORA
(CARONA COMPANY)



c) The Barquisimeto Company

The Barquisimeto Company operates under a five-year renewable concession contract dated April 1963, which sets out the general rates and conditions under which the Company carries on its business. Under the present arrangement, any change of these rates would require negotiation with the District Council. It may, however, negotiate contracts with its larger customers, and for any special electrical loads that do not fall into the classifications defined in the concession contract.

On September 21, 1965, the Barquisimeto Company purchased 99 per cent of the shares in the Carora Company, which provides electric service in the town of Carora and surrounding area under a concession contract which extends until November 1990.

Part of the purchase price was paid for by issuing treasury stock of the Barquisimeto Company, resulting in minority ownership of approximately 7 per cent. In 1966 a sale of common shares at par of Bs. 100 (U.S. \$22.22), per share was made which increased the minority to approximately 14 per cent.

Carora is the center of another major agricultural region of Venezuela located approximately 60 miles to the west of Barquisimeto. The Carora Company added nearly 4,000 customers to the total served by Canadian International Power subsidiaries.

OTHER VENEZUELAN OPERATIONS

Empresas Eléctricas Venezolanas, S.A. owns real estate in Barquisimeto and Maracaibo, including the office building of the Barquisimeto subsidiary. It also owns 21.6 per cent of Fiveca S.A., a real estate development and financing company in Caracas, the capital city of Venezuela.

VENEZUELA ECONOMY

Venezuela is located on the northern coast of South America. The country has an area of 352,000 square miles, approximately one and one-third times the area of Texas. It is the world's third largest oil producer, with about 12 per cent of the world petroleum output. A number of interesting highlights on the Venezuela economy are:

Ratio of total oil output exported to U.S.A.	40%
Ratio of investment of U.S.A. companies to total foreign investment in oil industry	67%
Ratio of U.S.A. investment to total foreign investment in other industry	80%
1964 book value of U.S.A. investment in Venezuela	\$2.8 billion
Increase in 1965 gross national product	5.1%
Imports from U.S.A. in ratio to total imports	53%
Exports to U.S.A. in ratio to total exports	35%

The Government is actively encouraging industrial expansion and diversification. A National Development Plan for 1965-68 envisages an annual growth of 7.2 per cent. In 1965, industrial production rose some 17 per cent following a 15.8 per cent increase the previous year. The plan includes the steady development of important steel, aluminium and petrochemical industries. During 1965 particular progress was made in the Maracaibo industrial zone, where plants in operation or under construction will produce containers, rebuild heavy equipment, and process dairy products and poultry.

At the end of 1965, Venezuela's gross national product per capita amounted to \$874, the highest by an appreciable margin of any country in Latin America. The next highest in Latin America was Mexico with \$464. These figures compare with \$3,482 for the United States.

Though petroleum and other industries dominate the economy, about a third of the labour force is employed in agriculture. Agricultural output rose more than 40 per cent between 1958 and 1964 and contributes some 7 per cent to the gross national product.

In 1966 a bill was passed by the Venezuelan Congress to be effective January 1, 1967, which imposes a tax of 15 per cent on dividends remitted outside the country but grants a more liberal tax allowance on capital expenditures. The taxes on the operations of the Venezuelan subsidiaries of Canadian International Power are estimated to increase by approximately 7.2 per cent over the next 5 years.

The bolivar, the legal currency of Venezuela, is freely convertible and there are no restrictions on the remittance of profits or on the repatriation of capital. The exchange rate is currently 4.50 bolivares per U.S. dollar. On September 25, 1966 the International Monetary Fund announced that the bolivar would be accepted by the Fund as an international medium of exchange. In January 1967, International Reserves amounted to \$812 million, by a wide margin the strongest in Latin America. The composition of these reserves was:

	January 31, 1967 (in millions)
Gold at Central Bank	U.S. \$342
Gold at New York	59
Gold at International Monetary Fund	62
Inter-American Development Bank Bonds	10
Sight Deposits New York	63
Time Deposits New York	283
	819
Less: Obligations	7
	<hr/> U.S. \$812

Venezuela has maintained a favourable balance of trade for nearly 40 years. Based on foreign trade per capita in 1965, Venezuela ranks 13th in exports and 27th in imports among 84 of the larger nations. With less than 4 per cent of the population of Latin America, it accounts for over 25 per cent of its exports. In mid-year Venezuela joined the Latin American Free Trade Area (LAFTA).

GOVERNMENT EXPENDITURES

(All figures in millions of bolivares)

Ministry	1963	1964	1965	Estimated 1966	Estimated 1967
Interior Relations . . .	Bs.1,281	Bs.1,319	Bs.1,472	Bs.1,598	Bs.1,608
Public Works	1,334	1,480	1,597	1,613	1,628
Education	673	761	873	916	1,011
Treasury	1,023	1,046	746	733	765
Defense	660	667	766	797	834
Health	517	557	640	685	738
Agriculture	382	513	580	540	561
Communications	281	265	301	281	305
Justice	161	176	192	211	219
Development	135	196	185	177	181
Mines & Hydrocarbons .	92	116	116	155	156
Labour	53	60	61	62	63
Foreign Relations . . .	41	46	58	61	71
Other	—	—	—	23	46
	<u>Bs.6,633</u>	<u>Bs.7,202</u>	<u>Bs.7,587</u>	<u>Bs.7,852</u>	<u>Bs.8,186</u>

GOVERNMENT INCOME

	1963	1964	1965	Estimated 1966	Estimated 1967
Oil — Royalties	Bs.1,715	Bs.2,499	Bs.2,532	Bs.2,556	Bs.2,563
Income Tax — Oil . . .	1,759	2,156	2,188	2,360	2,330
Income Tax — Iron Ore .	80	104	165	200	200
Income Tax — Others . .	646	699	892	1,020	1,172
Exchange Profit	1,237	350	106	62	70
Customs Duties	477	481	456	477	489
Liquor (Excise)	198	237	253	272	290
Cigarettes	180	183	206	208	210
Others	304	424	467	495	526
Special tax settlement (Oil Companies)	—	—	—	120	—
Sub-Total	<u>Bs.6,596</u>	<u>Bs.7,133</u>	<u>Bs.7,265</u>	<u>Bs.7,770</u>	<u>Bs.7,850</u>
Other Income					
Including Loans	22	84	102	188	336
	<u>Bs.6,618</u>	<u>Bs.7,217</u>	<u>Bs.7,367</u>	<u>Bs.7,958</u>	<u>Bs.8,186</u>

PUBLIC DEBT

December 31	External Debt	Internal Debt	Total Debt	Net Change
1962	Bs. 746	Bs. 1,425	Bs. 2,171	Bs. —201
1963	692	1,323	2,015	—156
1964	856	926	1,782	—233
1965	1,084	992	2,076	294
1966	1,331	1,003	2,334	258
1967 Estimated . . .	1,839	1,035	2,874	540

Comparing the public debt of 60 major countries of the Western World, on a per capita basis, Venezuela ranked eighth, as shown hereunder:

1965 Rank	Country	Government Debt per Capita
1.	United States	\$1,640
2.	United Kingdom	1,554
3.	Australia	1,519
4.	New Zealand	1,128
5.	Belgium	1,000
6.	Canada	942
7.	Ireland	670
8.	Venezuela	539

PETROLEUM

The continuing high activity in the petroleum industry has kept Venezuela in third place among the producing nations. Production in the early weeks of 1967 promises to recover the 2.9 per cent decline in 1966 output as compared to the previous year.

Petroleum wealth has financed the country's economic growth and has made Venezuela one of the richest countries in Latin America. Today it contributes almost a third of the GNP and more than two-thirds of the Government's income.

Venezuela's present refinery output of about 1,200,000 barrels per day is mainly exported. Of present production residual fuel oil represents about 60 per cent, while gas and diesel oil together constitute a fifth. North America remains Venezuela's biggest market for crude oil, its diesel and gas oils go mainly to Europe.

A settlement of tax questions has been reached by the Government and the oil companies involving the payment of approximately Bs. 700,000,000 (\$159,000,000) mostly in cash, over the next five years. A portion will consist of construction projects, such as a gas pipeline to the projected petrochemical complex. A formula has been established to arrive at basic "reference prices" for products and crude exported. For 1966, it will be the actual prices in 1965. From 1967, the reference prices will increase gradually each year through 1971. Proceeds received from sales at prices below the reference price, will be taxed as if the reference price were received. Sales above that price will be taxed on actual sales price. Sales below may be compensated by sales above in the same year. Taxes will be a single schedule, with a top rate of 52 per cent. Investment incentives range from 8 per cent to 12 per cent on exploration and drilling expenditures, secondary recovery, and utilization and storage of gas. An additional incentive will be offered for export sales.

The significance of the oil tax settlements lies in the fact that the question of prices for tax purposes is now set, not only for the past nine years, but for the coming five years.

MINING

Production of iron ore in August amounted to 1,540,000 tons, bringing the total for the first eight months of 1966 to 11,600,000 tons compared with 12,000,000 tons in January-August 1965.

Gross income of the iron ore industry amounted to Bs. 272,000,000 in the first half of 1966, compared with Bs. 257,000,000 in January-June 1965.

POLITICAL SITUATION

A major problem was working out a final and lasting agreement with the oil companies on tax problems. This has now been resolved with the major oil companies as described above.

The main problem of the Government is securing new sources of revenue and for this reason, the petroleum settlement is an essential part of the government policy and fits in with any tax reform program. While Congress, as already stated, has passed the new tax legislation, the question of service contracts remains to be approved.

SOURCES:

VENEZUELA ECONOMIC REVIEW

FIRST NATIONAL CITY BANK MONTHLY SUMMARY

VENEZUELAN PRESS

FOREIGN COMMERCE WEEKLY

SPECIAL REPORTS

GUATEMALA

HONDURAS



LEGEND

-  TRANSMISSION LINES
-  INTERNATIONAL BORDER

C.A.E. DE SAN SALVADOR

(SAN SALVADOR COMPANY)

C.E. DE ORIENTE

(ORIENTE COMPANY)

0 10 20 30 40 50 60 70 80 KM.

0 10 20 30 40 50 MILES

EL SALVADOR

1965 Population: Country	2,824,198
San Salvador Company Service Area	664,000
Oriente Company Service Area	321,000
Total Service Area	985,000

The San Salvador Company distributes electric service to San Salvador, the capital city of El Salvador, and to 96 other municipalities. Its subsidiary, the Oriente Company, distributes electric service to San Miguel, the second largest city in El Salvador, and to 19 other municipalities.

Both these companies purchase the majority of their electric power (93.2 per cent during 1966) in wholesale from Comisión Ejecutiva Hidroeléctrica del Rio Lempa (CEL), the Government-owned power system. The law creating CEL in 1948 gives it the sole right to install and own all additional electric generating capacity used for sales of electricity. It now has an installed capacity of 134,000 kilowatts and has always made adequate provision for growth.

Both companies operate under concession contracts that extend until 1986. These contracts were drawn up in 1936 by virtue of the electric law that was sanctioned in that year and provided for a rate of return of up to 12 per cent after depreciation and all taxes on a fair-value rate base. Although the electric law was subsequently changed, the companies in August 1966, signed agreements with the Government, by which the original concession contracts are confirmed and the rate of return is changed to 8 per cent on fair-value after depreciation and all taxes. For the year 1965, the average consolidated rate of return of the companies was 6.5 per cent and approximately 6.6 per cent for 1966. Over the last few years, the gross dividend payout of the San Salvador Company has been approximately 3 per cent on the rate base.

In 1965, the subsidiaries in El Salvador increased the tempo of the electrification of the rural areas they serve and a program to blanket the areas, within 2 years, was undertaken. This program, which was completed at the end of 1966, is being paralleled by a similar program of CEL, which program it is expected will be concluded this year. Once the CEL electrification is completed, El Salvador will have the distinction of being the first country in Latin America that provides electric service to all rural areas.

During September 1966, some electricity rates in rural areas were reduced up to 30 per cent. The power rates were reduced approximately 5 per cent in the second half of the year, giving El Salvador one of the lowest electricity rate structures in Central America.

EL SALVADOR ECONOMY

El Salvador is located on the Pacific coast of Central America. It has an area of 8,259 square miles and is practically the same size as the State of Massachusetts. The economy is based on the production of coffee, cotton and sugar. The Government is conducting a development program under which industries processing agricultural products and manufacturing light consumer goods have been established and are expanding. El Salvador is a member of the successful five-nation Central American Common Market. At present, approximately 37 per cent of El Salvador's imports are from the United States and about 31 per cent of its exports are to the United States.

Under 1961 exchange control regulations, profits of up to 10 per cent of the value of the property may be remitted. The exchange rate has been 2.50 colones per dollar for the past 30 years.

Activity in all sectors of the economy is at a satisfactory level and the GNP is estimated to have increased approximately 5 per cent in 1966. Heavy activity continues in the construction sector.

The 1966/67 cotton crop is estimated at 170,000 bales, of which 110,000 will be available for export. Although smaller than the 1965/66 crop of 226,000 bales, the new crop is a good one.

The last coffee crop was abundant and good and for this reason the earnings of producers should not be less than in the previous year even though prices have weakened somewhat. Coffee prices are regulated by the International Coffee Organization through the assigning of quotas to the exporting countries. Importing as well as exporting countries are members of the Organization.

GOVERNMENT

Government revenues for 1965 totalled approximately \$103 million, while expenditures stood at \$96 million. Tax revenues increased by 6 per cent.

The Legislative Assembly on September 5 approved a West German loan of 10.2 million Deutsch Marks, equivalent to U.S. \$2,600,00, for the construction of hospitals at Chalatenango, Zacatecoluca and Usulután.

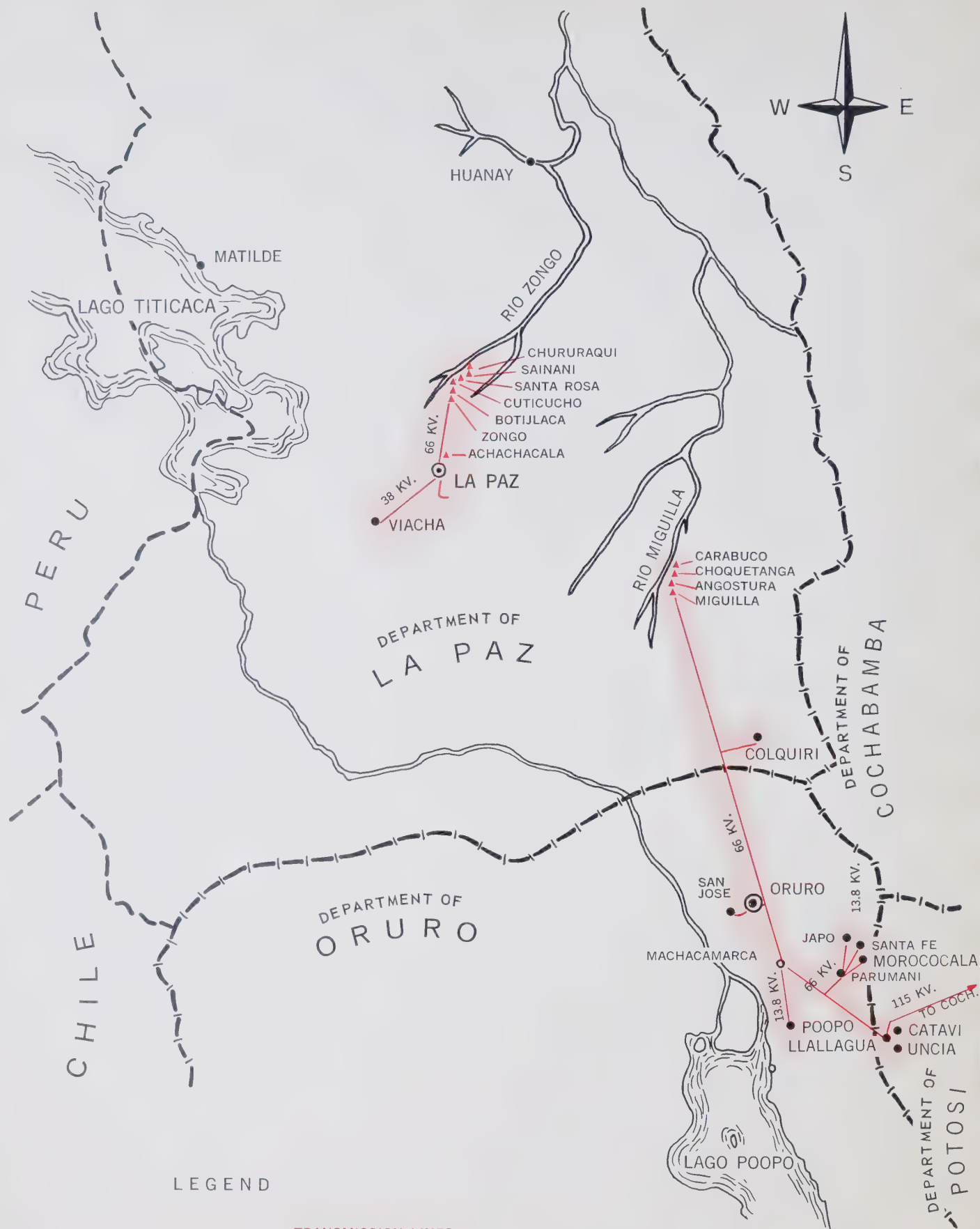
El Salvador has received U.S. \$22 million over the last five years from the Inter-American Development Bank under the Alliance for Progress. The various loans, for terms ranging from 20 to 30 years and bearing interest rates of between $1\frac{1}{4}$ and $2\frac{3}{4}$ per cent, are being used for social improvement projects.

STATISTICAL DATA

	1963	1964	1965	November 1966
Central Bank Reserves (Million U.S. \$)				
Gold	18	18	19	18
Foreign Exchange	21	30	32	40
Total	<u>39</u>	<u>48</u>	<u>51</u>	<u>58</u>
Total Foreign Trade (Million Colones)				
Exports	384	446	471	
Imports	379	478	504	
Trade Surplus or Deficit (—) . . .	<u>5</u>	<u>—32</u>	<u>—33</u>	
U.S. Trade with El Salvador (Million U.S. \$)				Jan./Oct.
U.S. Exports	50	66	60	58
U.S. Imports	40	43	48	37
U.S. Trade Surplus or Deficit (—) .	<u>10</u>	<u>23</u>	<u>12</u>	<u>21</u>
Cost-of-living Index (1958-100)	93	100	100	99

SOURCES:

- FIRST NATIONAL CITY BANK
- SALVADOREAN PRESS
- FOREIGN COMMERCE WEEKLY



BOLIVIA

1965 Population: Country	3,702,000
La Paz Service Area	360,075
Oruro Service Area	93,966
Total Service Area	454,041

The Bolivian Company has two divisions, the La Paz Division and the Oruro Division, which are not electrically interconnected. In addition, there is a small distribution subsidiary known as the Oruro Company.

The La Paz Division supplies electric service to the city of La Paz and surrounding area. La Paz is the seat of Government of the Republic of Bolivia. The Oruro Division supplies bulk electric power to nine tin mines located in the area, and wholesale power to the Oruro Company and to six small municipalities.

The Oruro Company provides electric service to the city of Oruro which is located at the center of one of the world's major tin deposits.

In July 1964, the Bolivian Company obtained through the Government of Bolivia, a credit from the International Development Association (an affiliate of the World Bank) of \$5,000,000, repayable in 23 years with interest at 5½ per cent per annum, to finance the foreign equipment costs of a 4-year capital expansion program. This program, which is approaching completion, included the construction of the first stage of the Chururaqui hydro-electric plant in the district of La Paz, together with the installation of the necessary transmission and distribution facilities. In the Oruro district, the credit covered the installation of substations and transmission lines. The first stage of the hydro-electric plant mentioned above went into service in January 1966, and the construction of the balance of the transmission and distribution facilities under the above credit will be completed in December 1967. The second stage of the Chururaqui hydro-electric plant, financed entirely by the Bolivian Company, went into service in November 1966. The two stages combined as constructed add 26,000 kilowatts to the system capacity.

The Bolivian Company operates under the terms of an agreement signed with the Government of Bolivia and the International Development Association in July 1964, as well as a concession contract with the Municipality of La Paz and a contract with the Government Mining Corporation in the Oruro Division. The Mining Corporation contract provides for payment of power bills in U.S. currency in New York. The La Paz concession contract dated October 28, 1950 extends to September 1990 and the contract with the Government Mining Corporation which expires this year is currently under negotiation.

BOLIVIAN ECONOMY

Bolivia, a land-locked country in west central South America, is a major source of the world supply of tin. The area of the country is 414,500 square miles, which is 1½ times the area of Texas. Other minerals such as gold, copper, bismuth, silver, tungsten, lead and zinc are also produced. A new mining code and investment code has recently been enacted by the Government.

The International Monetary Fund (IMF) mission concluded its visit to Bolivia in September 1966, with the statement that the economy is growing at a satisfactory rate of 5½ per cent per annum.

In an official announcement, the Government affirmed that the current rate of exchange of the peso boliviano will be maintained and the Central Bank will continue to sell dollars freely at the rate of \$b.11.885 to the U.S. dollar. The current rate of exchange has been maintained since 1958. A new stand-by arrangement with IMF was concluded in December 1966.

Dollar bonds of Nicolau, Dillon Read, and U.S. loans signed in 1922, 1937 and 1938 are being dealt with. Repayments have been set starting in 1966, with the total amount of \$62 million to be repaid by 1993.

STATISTICAL DATA

Millions of U.S. Dollars					
Gold & Foreign Holdings	1963	1964	1965	1966	
				Oct.	Nov.
Gold	2	5	7	6	7
Foreign Exchange	8	17	28	27	30
Total	10	22	35	33	37
Total Foreign Trade					
Exports	66	86	99		
Imports	98	97	122		
Trade Surplus or Deficit (—) . . .	—32	—11	—23		
U.S. Trade with Bolivia					
U.S. Exports	37	45	41	4	39
U.S. Imports	15	28	31	2	24
U.S. Trade Surplus or Deficit (—) .	22	17	10	2	15
Cost-of-living Index (1958-100)	151	167	172	198	

PETROLEUM

Gulf Oil of Bolivia has officially inaugurated its 12-inch diameter 430-mile pipeline linking its Santa Cruz oil fields to the state-owned pipeline at Sica Sica, through which the exports to Arica, Chile, are effected. Gulf's pipeline is capable of exporting 25,000 barrels a day and the first commercial shipment of crude left Arica for Santa Fe Springs, California, in September 1966. Flow through the pipeline is currently at a rate of 15,000 barrels per day. Present tank storage capacity of 300,000 barrels at Arica limits the export capability through this port. Gulf Oil Corporation officials indicate that a market exists for considerably higher quantities of Bolivian crude. Over the past 11 years Gulf Oil has invested some U.S.\$95,000,000 in Bolivia, including U.S.\$25,000,000 for their 12-inch pipeline. Agreements have been reached to begin new explorations on the Altiplano (high Andean plateau), by Gulf Oil and the Government in a joint venture.

TIN

One of the main exports from Bolivia is tin. Production statistics for the following years are:

Year	Long Tons
1963	22,246
1964	24,199
1965	23,037
1966 to July	13,773

Corporación Minera de Bolivia (COMIBOL), the government-owned tin mining company, mines about 60 per cent of the above production. COMIBOL have carried out a modernization program over the last 3 years at a cost of U.S.\$54,000,000 and now claim considerable improvement in operating efficiency. Tin prices are currently about U.S.\$1.52 per pound, which though lower than last year, remain at a relatively high level.

In July 1966 Minerals & Chemicals Philipp Corporation and United States Steel Corporation, through a joint venture, the Mina Matilde Corporation, contracted with COMIBOL for the exploration and development of the Matilde zinc mine situated on the shores of Lake Titicaca. The lead and zinc deposits of Matilde are estimated at 3,600,000 tons.

AGRICULTURE

The climate in Bolivia at varying levels of altitude above the sea level is conducive to producing many crops. In recent years under development plans the country has become self-sufficient in sugar and rice. Coffee and cotton production is also becoming significant. Bolivia has always grown quinoa (a cereal with great nutritive value), corn, potatoes and a wide variety of fruits for its own consumption.

GOVERNMENT FINANCES

The following is an extract from the 1966 Budget:

RECEIPTS

FEDERAL GOVERNMENT

Regular Taxes	\$b. 267,000,000	
Customs Receipts	377,000,000	
Mining Revenues	83,000,000	
Communications	12,000,000	
Other Revenues	<u>142,000,000</u>	881,000,000

LOCAL GOVERNMENTS 61,000,000

AUTONOMOUS PUBLIC INSTITUTIONS 238,000,000

AUTONOMOUS PUBLIC COMPANIES . 1,731,000,000

FOREIGN LOANS 218,000,000

\$b.3,129,000,000

EXPENDITURES

According to the Budget, expenditures exactly equal receipts. The major items of expenditure are:

NATIONAL ELECTRIC COMPANY . . .	\$b. 129,000,000
COMIBOL — GOV. MINING CORP. . .	911,000,000
YPFB — GOV. PETROLEUM CORP. . .	271,000,000
EDUCATION	310,000,000
NATIONAL DEFENSE	119,000,000
OTHER	1,389,000,000
	<hr/>
	\$b.3,129,000,000
	<hr/>
	Equivalent to U.S. \$257,000,000
	<hr/>

POLITICAL

The elected government of General René Barrientos Ortuño took office on August 6, 1966.

President Barrientos has defined his Government as one which intends to carry on with the Bolivian revolution, but he has been careful to point out that it will be a revolution with responsibility. An energetic program to stimulate food production is to be developed, particularly with respect to wheat, meat and rice. The Government also plans to increase the number of schools and hospitals, and to create 10,000 new jobs initially. The President has put the country's requirements at 30,000 new jobs per year.

In his message to the nation, President Barrientos welcomed foreign investment, but pointed out that the essential stimulus to development would have to come from domestic savings and investment. To mobilize these resources and provide an attractive climate for investment, he mentioned the importance of maintaining monetary stability, the initiation of a 4-year development plan, the creation of a securities market, reform of current banking legislation and guarantees to foreign investors.

SOURCES:

- FIRST NATIONAL CITY BANK MONTHLY SUMMARY
- TIN INTERNATIONAL
- HANSON'S LATIN AMERICAN LETTER
- WORLD OIL
- BANK OF LONDON & SOUTH AMERICA LIMITED FORTNIGHTLY REVIEW



THE BARBADOS LIGHT AND
POWER CO. LTD.

BARBADOS

The Barbados Company supplies electric light and power service on the island, which has a population of 245,000. With an area of 166 square miles, Barbados is little more than half the size of New York City. It is located near the southern end of the Caribbean Lesser Antilles, and is some 300 miles north of the Guyana coast of South America.

The Island of Barbados is in the sterling area and is subject to exchange regulations which permit the remittance of profit and repatriation of capital. The currency is the East Caribbean dollar, which replaced the West Indian dollar after Independence. The East Caribbean dollar is regulated by the East Caribbean Currency Authority with headquarters in Barbados. The Authority also embraces the Commonwealth Windward and Leeward Islands other than Granada, and the backing for the currency is mainly in sterling securities held in the United Kingdom. As at February 28, 1967, the exchange rate was E.C.\$1.70 per dollar. The Company has experienced no difficulty in remitting dividends and interest.

The Barbados Company operates under a franchise which extends until August 1986. Public utilities on the island are under regulation by a three-man Public Utilities Board. The Company has excellent relations with the Board.

The rates of the Barbados Company were completely revised in 1966, with the setting up of properly designed schedules in replacement of former antiquated ones. Promotional features were instituted that are expected to encourage increased use of electricity.

The Public Utilities Board approved the incorporation into the books of account of the appraised value of the assets as determined by International Middle West Service Company of Chicago. The net appraised value of the assets exceeded book figures by E.C.\$7,857,621 at December 31, 1965.

BARBADOS ECONOMY

The tourist business, which has nearly doubled in the last five years, is becoming increasingly a major factor in the economy of the island. The many hotels in Barbados, together with a new Barbados Hilton with 158 rooms which opened in late November 1966, provide comfortable modern facilities for visitors in a beautiful setting. Tourist expenditures in 1965 totalled E.C.\$26,100,000.

Sugar is still the mainstay of the economy and the 1966 crop yielded 172,000 tons, approximately 12 per cent below the 1965 crop. Sugar makes up 20 per cent of the gross domestic product.

The Government's program of attracting new secondary industries to the island is meeting with success. In 1961 there were eleven factories and at present there are fifty-six. The value of manufacturing increased from E.C.\$10,000,000 in 1960 to over E.C.\$14,000,000 in 1965.

The budget expenditures for 1966-67 total E.C.\$65,850,000 and revenues are estimated at E.C.\$53,850,000. The balance will be met by borrowing.

POLITICAL

On November 30 the island became fully independent of the United Kingdom but has remained in the Commonwealth. For most practical purposes, the Government has been independent for some years now and no major changes are anticipated. Barbados has joined with Guyana and Antigua in the Caribbean Free Trade Association.

The Government of Prime Minister Barrow was re-elected to another 5 years in office on November 1, 1966. His party, the Democratic Labor Party, won 14 out of 24 seats in the House of Assembly.

MEXICO

On January 11, 1962, the Company's Mexican subsidiary, Monterey Railway, Light and Power Company sold its utility properties to Comisión Federal de Electricidad, an agency of the Government of the United States of Mexico. The price was \$8,529,794, of which \$800,000 in cash was paid as a down payment. The remainder is to be paid in semi-annual installments, the last of which falls due in 1977. The outstanding amounts, with interest at the rate of 6.5 per cent per annum, are covered by notes from Nacional Financiera, S.A., another Mexican Government agency. All payments have been made on the due dates. Up to January 15, 1967, an additional sum of \$1,809,099 has been paid on account of principal. This sum and all future principal payments must, under the terms of the Agreement of Sale, be re-invested in Mexico; the down payment and all interest payments, however, are unrestricted. On the same date, the Company's other Mexican subsidiary, Compañía Territorial Mexi-Cana S.A. sold property for \$560,582 payable in similar installments. These payments are unrestricted and have been made on the due dates. All payments to both Mexican companies are tax free.

The Monterey Company, in association with a foreign investment affiliate of the Chase Manhattan Bank, N.A., has invested \$250,000 in $7\frac{3}{4}$ per cent notes for the construction of a large motel in Monterrey. The Monterey Company also holds \$360,000 of 7 per cent Convertible Debentures due 1984 of Compañía Fundidora de Fierro y Acero de Monterrey S.A. and 12,834 Common Shares of the same company at a cost of \$157,606. Fundidora is the second largest steel company in Mexico. The Mexican companies have made other investments in Mexico and are actively investigating additional long-term investments.

There are no restrictions on the convertibility of the Mexican peso. The exchange rate is approximately 12.50 pesos per dollar.

CANADIAN INTERNATIONAL POWER CO. LTD.

ELECTRIC CUSTOMERS

AT DECEMBER 31ST

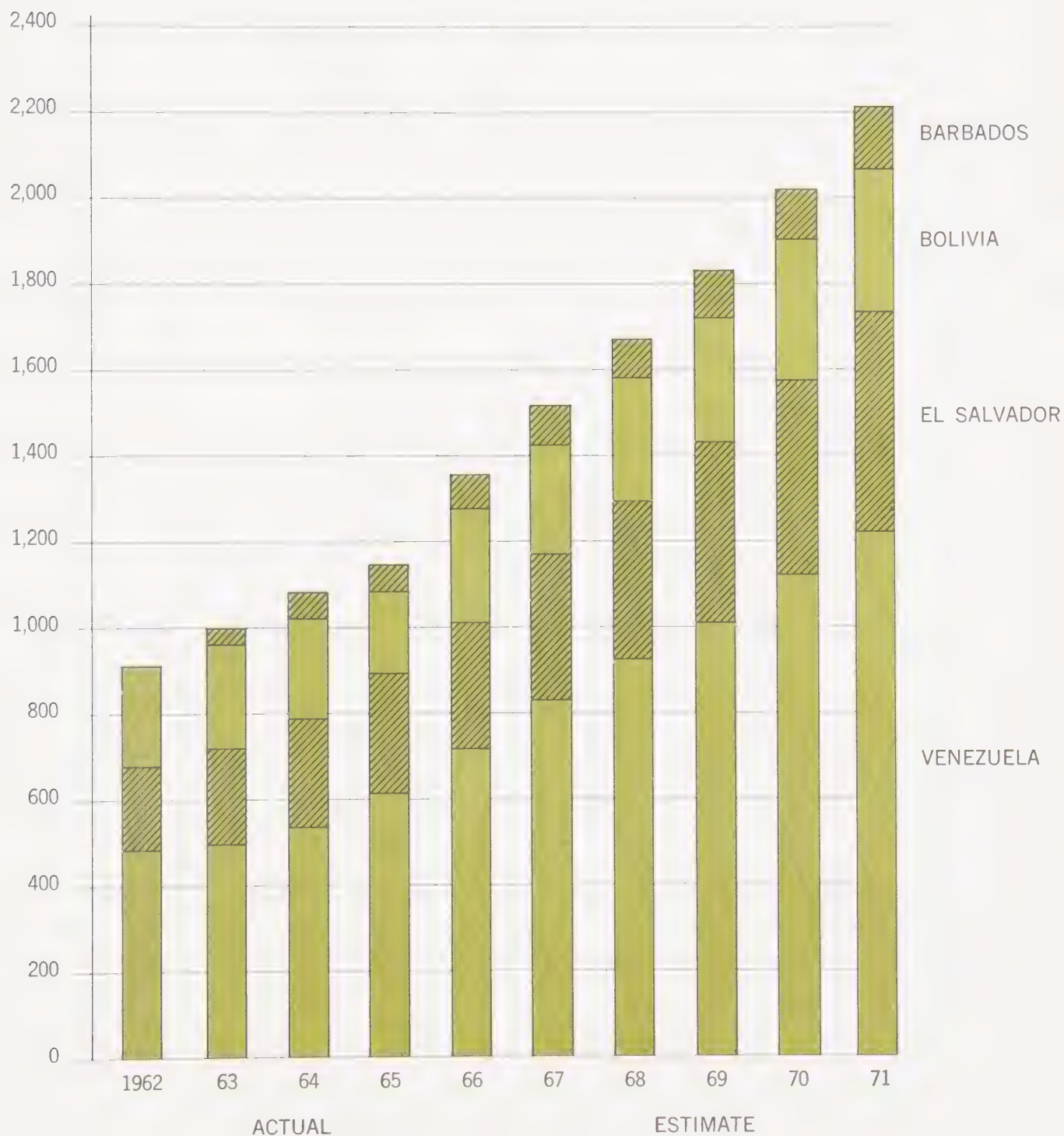
THOUSANDS



CANADIAN INTERNATIONAL POWER CO. LTD.

ELECTRIC ENERGY SALES

MILLIONS OF KILOWATT HOURS



CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AVERAGE ANNUAL USE PER RESIDENTIAL CUSTOMER — KWH

VENEZUELA	1962	1963	1964	1965	1966
Maracaibo	2,420	2,502	2,620	2,725	2,883
Perijá	—	—	1,140	1,248	1,421
Consolidated	2,420	2,502	2,535	2,640	2,798
Barquisimeto	818	852	906	896	990
Carora	—	—	—	—	836
Consolidated	818	852	906	896	979
Consolidated	1,935	1,951	2,045	2,108	2,134
EL SALVADOR					
San Salvador	1,547	1,552	1,575	1,600	1,578
Oriente	599	604	641	650	618
Consolidated	1,417	1,420	1,425	1,442	1,420
BOLIVIA					
La Paz Division	1,899	1,982	1,983	1,931	2,342
Oruro Division	—	—	—	—	—
Oruro City (ELF)	1,345	1,394	1,482	1,532	1,491
Consolidated	1,842	1,925	1,934	1,890	2,130
BARBADOS	—	652	710	737	798
CIP CONSOLIDATED	1,793	1,713	1,756	1,781	1,876

CANADIAN

STATISTICAL DATA

Customers — Year End	
Electricity Sales —	
Kilowatt Hours ('000)	
Percentage Increase	
Peak Demand — Kilowatts	
Installed Generating	
Capacity — Kilowatts	
Purchased Generating	
Capacity — Firm — Kilowatts	
Operating Employees	
Operating Ratio-Per cent	
[Operation & Maintenance Expenses	
(Before depreciation and Taxes)	
÷ Operating Revenue]	

CAPITAL REQUIREMENTS (\$ '000)

Capital Expenditures	
Purchase of Barbados Company	
Repayment of Bank Loans	
Repayment of Equipment Loans	
Repayment of Notes Held by a	
Canadian Affiliate	

SOURCES OF CAPITAL (\$ '000)

Internal Cash Generation and Adjustme	
Bank Loans	
Equipment Loans	
Sale of Shares	

Note: (1) Adjustments include tax payment def

CANADIAN INTERNATIONAL POWER

CONSOLIDATED OPERATING CO

5-YEAR RECORD AND OUTL

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	238,524	281,198	294,484	317,580	342,628
Electricity Sales —					
Kilowatt Hours ('000)	899,910	988,928	1,085,382	1,177,507	1,361,225
Percentage Increase	5.2	9.9	9.7	8.5	15.6
Peak Demand — Kilowatts	209,826	234,688	244,972	275,225	303,868
Installed Generating					
Capacity — Kilowatts	284,865	304,432	309,950	332,853	439,142
Purchased Generating					
Capacity — Firm — Kilowatts	44,875	48,346	52,785	62,490	66,725
Operating Employees	1,367	1,770	1,828	1,940	1,995
Operating Ratio-Per cent					
[Operation & Maintenance Expenses					
(Before depreciation and Taxes)					
÷ Operating Revenue]	43.0	43.3	43.9	44.4	42.4
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	3,789	4,546	6,390	16,021	16,614
Purchase of Barbados Company	—	2,162	—	—	—
Repayment of Bank Loans	—	312	722	—	10
Repayment of Equipment Loans	—	—	67	17	302
Repayment of Notes Held by a					
Canadian Affiliate	300	500	500	500	500
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	3,855	4,657	6,721	8,480	7,449
Bank Loans	234	2,228	165	3,763	4,879
Equipment Loans	—	84	460	2,481	3,194
Sale of Shares	—	551	333	1,814	1,904

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

COMPANY LIMITED

IPANIES

K

E S T I M A T E S

1967	1968	1969	1970	1971
364,905	383,935	404,333	426,323	444,813
1,534,870	1,678,517	1,837,485	2,013,764	2,204,261
12.8	9.4	9.5	9.6	9.5
348,320	381,140	418,150	458,450	501,580
462,128	477,128	525,118	552,718	557,318
77,700	85,620	95,230	107,080	120,130
2,167	2,272	2,398	2,518	2,623
43.2	42.0	42.5	42.5	42.9
16,236	11,259	12,954	10,390	13,441
—	—	—	—	—
888	3,219	1,430	2,464	2,840
325	511	735	900	1,049
500	500	500	500	500
10,778	13,681	11,599	12,565	13,706
3,617	452	227	133	29
2,298	1,080	2,682	1,280	4,095
1,256	276	1,111	276	—

CANADIAN INTERNATIONAL POWER

SUMMARY

VENEZUELA COMPANY (MARACAIBO - PERIJA - BARQUISIMET) 5-YEAR RECORD AND OUTLOOK

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	110,722	121,211	129,099	144,127	155,638
Electricity Sales —					
Kilowatt Hours ('000)	462,958	497,727	544,825	609,017	706,850
Percentage Increase	3.2	7.5	9.5	11.8	16.1
Peak Demand — Kilowatts	99,900	109,000	116,050	136,040	146,640
Installed Generating					
Capacity — Kilowatts	210,815	217,420	217,420	238,623	318,927
Purchased Generating					
Capacity — Firm — Kilowatts					
Barquisimeto	—	—	—	3,320	—
Operating Employees — Year End	478	540	568	633	688
Operating Ratio-Per cent					
[Operation & Maintenance Expenses					
(before depreciation and Taxes)					
÷ Operating Revenue]	29.9	31.4	30.0	31.4	31.0
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	2,771	3,105	3,500	10,778	9,315
Repayment of Bank Loans	—	—	722	—	—
Repayment of Equipment Loans	—	—	67	17	279
Repayment of Notes Held by a					
Canadian Affiliate	300	500	500	500	500
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	1,667	686	4,188	5,651	2,422
Bank Loans	—	2,159	—	3,120	4,879
Equipment Loans	—	84	—	974	1,219
Sale of Shares	—	551	333	1,666	1,635
Cash at December 31, 1966	—	—	—	—	162

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

OMPANY LIMITED

- CARORA)

K

E S T I M A T E S				
1967	1968	1969	1970	1971
165.475	174.275	182.846	191.406	199.746
834.837	921.504	1,015.949	1,117.744	1,230.148
18.1	10.4	10.2	10.0	10.1
171.700	189.600	209.500	230.750	254.030
330.443	345.413	376.013	393.113	393.113
—	—	—	—	—
730	766	810	846	882
31.3	31.1	31.9	31.9	32.6
8,390	6,139	7,234	6,792	9,223
88	2,362	800	1,066	2,244
212	282	498	606	734
500	500	500	500	500
4,855	8,124	6,262	7,154	8,667
2,686	212	227	133	29
350	1,080	2,160	1,280	3,747
1,111	—	1,111	—	—
—	—	—	—	—

CANADIAN INTERNATIONAL POWER

MARACAIBO - PERIJÁ COMPANY

5-YEAR RECORD AND OUTLOOK

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	75,504	84,043	89,152	97,525	105,723
Electricity Sales — Kilowatt Hours ('000)	396,938	424,419	459,987	512,846	586,620
Percentage Increase	6.0	6.9	8.4	11.5	14.4
Peak Demand — Kilowatts	83,900	91,400	96,050	111,900	114,700
Installed Generating Capacity — Kilowatts	184,500	191,105	191,105	192,905	253,647
Operating Employees — Year End	345	396	419	436	474
Operating Ratio-Per cent [Operation & Maintenance Expenses (before depreciation and Taxes) ÷ Operating Revenue]	28.6	30.1	28.5	28.9	29.1
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	1,891	2,591	2,940	6,480	6,870
Repayment of Bank Loans	—	—	722	—	—
Repayment of Notes Held by a Canadian Affiliate	300	500	500	500	500
Repayment of Equipment Loan	—	—	67	17	—
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	1,477	624	3,307	5,196	2,618
Bank Loans	—	2,159	—	1,321	4,375
Equipment Loans	—	84	—	—	—
Sale of Shares	—	551	333	1,000	888
Cash at December 31, 1966	—	—	—	—	118

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

OMPANY LIMITED

NIES

K

E S T I M A T E S

1967	1968	1969	1970	1971
111,803	117,403	122,774	128,134	133,274
707,990	781,950	862,600	949,200	1,045,400
20.6	10.5	10.3	10.0	10.1
140,800	155,600	172,000	189,500	208,700
272,209	287,209	302,209	318,909	318,909
500	524	549	574	597
29.5	29.3	30.4	30.3	31.3
6,928	4,723	4,823	5,725	8,223
—	2,175	800	844	1,800
500	500	500	500	500
—	70	178	286	414
3,056	5,987	4,757	5,652	6,958
2,375	212	71	—	—
350	1,080	1,080	1,280	3,747
1,111	—	1,111	—	—
—	—	—	—	—

CANADIAN INTERNATIONAL POWER

BARQUISIMETO - CARORA CO

5 -YEAR RECORD AND OUTL

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	35,218	37,168	39,947	46,602	49,915
Electricity Sales —					
Kilowatt Hours ('000)	66,020	73,308	84,838	96,482	120,724
Percentage Increase	(10.7)	11.0	15.7	13.7	25.1
Peak Demand — Kilowatts	16,000	17,600	20,000	24,140	31,940
Installed Generating					
Capacity — Kilowatts	26,315	26,315	26,315	45,718	60,118
Purchased Generating					
Capacity — Firm — Kilowatts					
Barquisimeto	—	—	—	3,320	—
Operating Employees — Year End	133	144	149	197	214
Operating Ratio-Per cent					
[Operation & Maintenance Expenses					
(before depreciation and Taxes)					
÷ Operating Revenue]	35.0	36.1	35.2	40.1	37.6
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	880	514	560	4,298	2,445
Repayment of Bank Loans	—	—	—	—	—
Repayment of Equipment Loans	—	—	—	—	279
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	190	62	811	455	(196)
Bank Loans	—	—	—	1,799	504
Equipment Loans	—	—	—	974	1,219
Sale of Shares	—	—	—	666	747
Cash at December 31, 1966	—	—	—	—	44

() Denote Negative Figures

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

COMPANY LIMITED

PANIES

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E S T I M A T E S				
1967	1968	1969	1970	1971
53,672	56,872	60,072	63,272	66,472
126,847	139,554	153,349	168,544	184,748
5.1	10.1	9.9	9.9	9.6
30,900	34,000	37,500	41,250	45,330
58,204	58,204	73,804	74,204	74,204
—	—	—	—	—
230	244	261	272	285
37.8	37.8	37.7	37.7	37.5
1,462	1,416	2,411	1,067	1,000
88	151	—	222	444
212	212	320	320	320
1,799	2,137	1,505	1,502	1,709
311	—	156	133	29
—	—	1,080	—	—
—	—	—	—	—
—	—	—	—	—

CANADIAN INTERNATIONAL POWER

EL SALVADOR COMPANY

5-YEAR RECORD AND OUTLOOK

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	64,869	68,591	70,778	75,907	86,369
Electricity Sales — Kilowatt Hours ('000)	199,652	220,167	243,797	271,868	303,852
Percentage Increase	13.3	10.3	10.7	11.4	11.7
Peak Demand — Kilowatts	50,936	55,488	57,222	65,535	70,478
Installed Generating Capacity — Kilowatts	12,020	12,020	12,020	12,020	12,020
Purchased Generating Capacity — Firm — Kilowatts	44,875	48,346	52,785	59,170	66,725
Operating Employees — Year End	351	353	363	393	410
Operating Ratio-Per cent [Operation & Maintenance Expenses (before depreciation and Taxes) ÷ Operating Revenue]	77.1	76.2	78.0	76.6	76.0
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	877	659	896	1,494	1,742
Repayment of Bank Loans	—	312	—	—	—
Repayment of Equipment Loans	—	—	—	—	23
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	649	1,098	870	842	1,251
Bank Loans	234	—	—	551	—
Equipment Loans	—	—	—	115	—
Cash at December 31, 1966	—	—	—	—	420

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

COMPANY LIMITED

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E S T I M A T E S

1967	1968	1969	1970	1971
91.080	96.200	102.300	110.900	116.200
340,668	374,000	414,000	463,000	516,000
12.1	9.7	10.7	11.8	11.4
81.820	89.740	99.350	111.300	124.250
12.020	12.020	12.020	12.020	12.020
77.700	85.620	95.230	107.080	120.130
433	456	485	525	550
76.8	76.2	75.5	75.0	74.1
1.515	1.088	1.111	1.228	1,348
800	160	340	440	538
22	24	24	22	—
1,571	1,047	1,481	1,709	1,918
800	240	—	—	—
—	—	—	—	—
—	—	—	—	—

CANADIAN INTERNATIONAL POWER

BOLIVIAN COMPANIES

5-YEAR RECORD AND OUTLOOK

STATISTICAL DATA	A C T U A L				
	1962	1963	1964	1965	1966
Customers — Year End	62,933	63,186	65,136	66,406	69,159
Electricity Sales — Kilowatt Hours ('000)	237,298	247,741	244,778	238,448	282,124
Percentage Increase	3.1	4.4	(1.2)	(2.6)	18.3
Peak Demand — Kilowatts	58,900	59,400	59,700	59,700	70,900
Installed Generating Capacity — Kilowatts	62,030	62,030	62,030	62,030	88,015
Operating Employees — Year End	538	524	562	608	599
Operating Ratio-Per cent [Operation & Maintenance Expenses (Before depreciation and Taxes) ÷ Operating Revenue]	32.2	26.5	28.6	30.2	26.8
CAPITAL REQUIREMENTS (\$ '000)					
Capital Expenditures	141	622	1,161	2,865	4,327
Repayment of Equipment Loans	—	—	—	—	—
SOURCES OF CAPITAL (\$ '000)					
Internal Cash Generation and Adjustments (1)	(101)	841	1,431	2,623	2,014
Equipment Loans	—	—	460	1,392	—
Cash at December 31, 1966	—	—	—	—	1,614

() Denote Negative Figures

Note: (1) Adjustments include tax payment deferrals, collection of arrears and variations in receivables, stores, etc.

COMPANY LIMITED

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ESTIMATES

1967	1968	1969	1970	1971
75,280	78,490	82,317	85,347	88,397
280,685	292,513	303,536	316,020	329,113
(0.4)	4.2	3.8	4.1	4.1
75,800	80,000	84,200	88,200	92,300
88,015	88,015	98,505	109,005	109,005
690	719	754	781	809
21.8	21.5	21.6	20.8	20.9
4,659	3,449	3,141	1,801	1,834
54	123	131	138	146
3,174	2,772	2,211	2,668	2,963
1,495	—	—	—	—
—	—	—	—	—

**SUPPLEMENT TO BROCHURE
FOR
SECURITY ANALYSTS**

Dec. 13, 1967

**CANADIAN INTERNATIONAL POWER
COMPANY LIMITED**

INTRODUCTION

This Supplement updates information contained in the Brochure issued to Security Analysts earlier this year, where items of information have changed or more recent data is available. The intention is therefore that this Supplement be read in conjunction with the Brochure. Important new developments are of course also related in this Supplement.

COMPANY CAPITALIZATION

At October 31, 1967, the capitalization of the Company was:—

	Authorized	Issued
Preferred shares of the par value of Can. \$20 each issuable		
in series	2,000,000	
5.2% Cumulative Redeemable Preferred shares,		
1965 series	350,000	337,008
Common shares without nominal or par value	2,500,000	2,323,256

No unissued shares of the common stock are reserved for issuance for any specific purpose.

U.S. INTEREST EQUALIZATION TAX

The U.S. Internal Revenue Service again ruled that the Company is a less-developed country corporation for purposes of the Interest Equalization Tax for the calendar year 1967, and that accordingly, no Interest Equalization Tax will be imposed for any acquisition of stock of the Company made during 1967 and on or before March 31, 1968.

CARTER REPORT

The Company has presented its views on the effect of the proposals in the Carter Report on its operations and made recommendations thereon. In our Brief, we have urged the retention of Sections 28 and 71 of the Income Tax Act which directly affect our Companies, and we have given alternative recommendations in the international field to cover our position in the event those sections are repealed. The Minister of Finance, on the occasion of presenting his supplementary budget to the House of Commons on November 30, 1967, has of course now clarified that although the Carter Report would influence the Government's reform measures, a radically different approach will not be adopted. Rather, changes are to be more in the nature of reforms of the existing tax structure.

The Company would be pleased to make a copy of the Brief available to those who are interested. Kindly inform the Secretary, Canadian International Power Company Limited, P.O. Box 308, Place d'Armes, Montreal 1, P.Q., if a copy is desired.

COMMON DIVIDENDS

In the second and third quarters of 1967, dividends of U.S. \$0.40 per share have also been paid and a similar dividend of U.S. \$0.40 was declared on November 15, 1967, for payment on January 2, 1968. Accordingly, the dividends for 1967 total U.S. \$1.60 per share.

SHAREHOLDERS

The following is the breakdown of shareholders of the common stock as at September 30, 1967:—

202 United States residents hold 1,630,337 shares, of which The United Corporation holds 1,298,918.

1,566 Canadian residents hold 680,280 shares.

55 other shareholders hold 12,639 shares.

EARNINGS

The following is a breakdown of Operating Revenue and Net Income as between the various countries in which operations are carried on:

OPERATING REVENUE

	Millions of U.S. \$					Percentage				
	1963	1964	1965	1966	9 Months Sept. 1967	1963	1964	1965	1966	9 Months Sept. 1967
Venezuela . .	\$14	\$15	\$18	\$21	\$17	54%	53%	57%	57%	57%
El Salvador. .	7	7	8	9	7	27	25	25	24	23
Bolivia . . .	4	4	3	4	4	15	15	10	11	13
Barbados . .	1 ¹	2	3	3	2	4	7	8	8	7
	\$26	\$28	\$32	\$37	\$30	100%	100%	100%	100%	100%

NET INCOME

	Millions of U.S. \$					Percentage				
	1963	1964	1965	1966	9 Months Sept. 1967	1963	1964	1965	1966	9 Months Sept. 1967
Venezuela . .	\$5.6	\$6.1	\$6.9	\$7.1	\$5.4	62%	62%	68%	62%	63%
El Salvador. .	0.7	0.6	0.8	1.3	0.9	8	6	8	11	10
Bolivia . . .	2.0	2.0	1.5	2.3	1.6	22	21	15	20	18
Barbados . .	0.2 ¹	0.4	0.3	0.4	0.4	2	4	3	4	5
Mexico . . .	0.3	0.3	0.3	0.3	0.2	3	3	3	3	2
Canada & United States .	0.3	0.4	0.3	0.0	0.2	3	4	3	—	2
	\$9.1	\$9.8	\$10.1	\$11.4	\$8.7	100%	100%	100%	100%	100%

¹From date of acquisition of June, 1963.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AND CONSOLIDATED SUBSIDIARY COMPANIES

CONDENSED BALANCE SHEETS

1966-1962

(Thousands of Dollars)

ASSETS	1966	1965	1964	1963	1962
Utility Plant	168,811	148,233	132,679	126,232	116,220
Reserve for Depreciation . . .	35,031	30,933	27,649	27,892	24,742
Utility Plant Less Reserves . .	133,780	117,300	105,030	98,340	91,478
Investments	9,944	9,700	9,056	2,114	2,374
Current Assets	30,630	36,428	33,480	27,609	25,454
Other Assets	1,726	1,630	2,177	3,860	276
	<u>176,080</u>	<u>165,058</u>	<u>149,743</u>	<u>131,923</u>	<u>119,582</u>
LIABILITIES					
Long Term Debt.	7,296	4,021	460	—	—
Preferred Stock	6,378	20,193	20,861	21,456	22,142
Common Stock Equity	110,083	100,401	95,094	73,203	67,055
Appraisal Surplus	20,201	16,434	16,076	16,076	16,076
Total Capitalization	<u>143,958</u>	<u>141,049</u>	<u>132,491</u>	<u>110,735</u>	<u>105,273</u>
Minority Interest	6,423	4,318	3,990	2,771	2,481
Bank Loans	9,496	6,965	3,348	3,937	312
Current Liabilities	13,884	9,695	6,681	6,250	4,499
Other Liabilities & Reserves .	2,319	3,031	3,233	8,230	7,017
	<u>176,080</u>	<u>165,058</u>	<u>149,743</u>	<u>131,923</u>	<u>119,582</u>

- 1) 1966 and 1965 are U.S. Dollars.
- 2) 1964 and 1963 are a mixture of Canadian and U.S. Dollars.
- 3) 1966-1964 is the Consolidation of all subsidiaries.
1963 does not include Mexican subsidiaries.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AND CONSOLIDATED SUBSIDIARY COMPANIES

CONDENSED INCOME ACCOUNTS

1967 - 1963

(Thousands of U.S. Dollars)

	<i>9 months</i> Sept. 1967	1966	1965	1964	1963
Operating Revenue	\$29,767	\$36,535	\$31,358	\$28,167	\$25,363
Operating Revenue Deductions					
Operation & Maintenance	9,444	11,139	10,129	9,094	8,293
Purchased Power	3,945	5,046	4,363	3,811	3,533
Taxes —					
Income	3,022	4,355	3,666	3,411	3,209
Other	826	1,061	759	457	349
Provision for depreciation and renewals	3,577	4,178	3,672	2,816	2,209
	<u>20,814</u>	<u>25,779</u>	<u>22,589</u>	<u>19,589</u>	<u>17,593</u>
Operating Income	8,953	10,756	8,769	8,578	7,770
Investment Income	1,198	1,556	1,635	1,447	1,489
Gross Income	<u>10,151</u>	<u>12,312</u>	<u>10,404</u>	<u>10,025</u>	<u>9,259</u>
Income Deductions					
Interest Expense	1,136	931	474	257	117
Interest charged to construction (credit)	(103)	(505)	(438)	(327)	(263)
Minority Interest	463	508	308	285	309
	<u>1,496</u>	<u>934</u>	<u>344</u>	<u>215</u>	<u>163</u>
Net Income	<u>\$ 8,655</u>	<u>\$11,378</u>	<u>\$10,060</u>	<u>\$ 9,810</u>	<u>\$ 9,096</u>
Less: Dividends on Preferred Shares	245	332	1,157	1,165	1,209
	<u>\$ 8,410</u>	<u>\$11,046</u>	<u>\$ 8,903</u>	<u>\$ 8,645</u>	<u>\$ 7,887</u>
Earnings per Common Share .	\$3.62	\$4.77	\$3.87	\$3.78	\$3.46

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

AND CONSOLIDATED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURES

(Subject to Audit)

U.S. DOLLARS

	For Three Months Ended September 30		For Twelve Months Ended September 30	
	1967	1966	1967	1966
Operating Revenue	\$10,233,706	\$ 9,272,355	\$39,372,947	\$35,271,731
Operating Revenue Deductions:				
Operating Expenses				
& Taxes	4,856,616	4,000,172	19,085,546	16,658,632
Depreciation	1,265,939	988,126	4,651,504	4,017,837
Income Taxes	1,115,821	1,408,916	4,076,260	4,266,818
Total	\$ 7,238,376	\$ 6,397,214	\$27,813,310	\$24,943,287
Operating Income	2,995,330	2,875,141	11,559,637	10,328,444
Investment Income	449,682	98,304	1,861,220	1,566,491
Gross Income	3,445,012	2,973,445	13,420,857	11,894,935
Income Deductions:				
Interest	458,446	237,728	1,440,308	820,107
Interest charged to				
Construction (Credit) . .	(44,782)	(136,358)	(269,804)	(523,152)
Minority Interest	154,635	153,973	561,159	485,333
Total	568,299	255,343	1,731,663	782,288
Net Income	2,876,713	2,718,102	11,689,194	11,112,647
Deduct: Canadian International Power Company Preferred Stock Dividend	81,725	84,198	327,779	546,815
	\$ 2,794,988	\$ 2,633,904	\$11,361,415	\$10,565,832
Earnings per Common Share .	\$1.20	\$1.14	\$4.89	\$4.58

VENEZUELA

a) The Maracaibo Company

The objective of Company policy for some time has been for its subsidiaries to foster the development of local capital markets in the countries in which the subsidiaries operate. Previous reports have mentioned sales of common stock locally by subsidiary companies.

A recent offer of common shares in the Venezuela market at par of Bs. 100 (U.S. \$22.22) resulted in 758 shareholders subscribing for 35,497 shares. The minority interest in the Maracaibo Company is now 1.95 per cent, including, it is gratifying to note, 83 per cent of the Company's employees, who purchased stock in the issue that was made.

In October of this year, the Maracaibo Company authorized an issue of 10 per cent 10-year bonds. Amortization will begin 3½ years after the date of issue in semi-annual instalments designed to pay off the entire issue by maturity. Canadian International Power Company Limited has guaranteed fulfillment of the terms of this issue. This issue is to provide for general corporate purposes.

In the 1966 Annual Report, mention was made in the Notes to Consolidated Financial Statements under Note 11 of a lawsuit in which the plaintiffs were asking damages in the amount of \$7,000,000. A settlement of this suit has been arrived at with the Company agreeing to pay \$77,778.

A notable recent expansion of the Company's services was the further extension of a 65-mile transmission system north of Maracaibo, Venezuela, westward to the town of Maicao in Colombia. This is the first electric transmission line crossing of an international border in northern South America. The provision of reliable electric service to this isolated community from a modern distribution system built under the Company's technical supervision has received much favourable publicity.

b) The Barquisimeto Company

This Company also is offering 10 per cent 10-year bonds on terms identical to those of the Maracaibo Company bonds mentioned above. As in the case of the Maracaibo Company, the funds derived from this issue are to provide for general corporate purposes.

A renewal of the Company's franchise, which expires in April 1968, is in the process of being negotiated.

The 1968 fiscal Budget has been released and is detailed below:

GOVERNMENT EXPENDITURES

(all figures in millions of bolivares)

Ministry	1964	1965	1966	Estimated 1967	Budget 1968
Interior Relations . . .	Bs. 1,319	Bs. 1,472	Bs. 1,598	Bs. 1,617	Bs. 1,842
Public Works	1,480	1,597	1,613	1,903	1,801
Education	761	873	916	1,062	1,219
Treasury	1,046	746	733	765	680
Defense	667	766	797	834	889
Health	557	640	685	804	766
Agriculture	513	580	540	702	615
Communications . . .	265	301	281	305	306
Justice	176	192	211	219	230
Development	196	185	177	234	202
Mines & Hydrocarbons .	116	116	155	206	179
Labour	60	61	62	68	113
Foreign Relations . . .	46	58	61	71	73
Other	—	—	23	46	50
	<u>Bs. 7,202</u>	<u>Bs. 7,587</u>	<u>Bs. 7,852</u>	<u>Bs. 8,836</u>	<u>Bs. 8,965</u>

GOVERNMENT INCOME

(all figures in millions of bolivares)

	1964	1965	1966	Estimated 1967	Budget 1968
Oil — Royalties . . .	Bs. 2,499	Bs. 2,532	Bs. 2,556	Bs. 2,663	Bs. 2,777
Income Tax — Oil . . .	2,156	2,188	2,360	2,580	2,670
Income Tax — Iron Ore .	104	165	200	180	180
Income Tax — Others .	699	892	1,020	1,100	1,290
Exchange Profit . . .	350	106	62	40	40
Customs Duties	481	456	477	475	474
Liquor (Excise)	237	253	272	280	330
Cigarettes	183	206	208	220	230
Others	424	467	483	598	609
Special tax settlement (Oil Companies) . . .	—	—	120	500	305
Sub-Total	<u>Bs. 7,133</u>	<u>Bs. 7,265</u>	<u>Bs. 7,758</u>	<u>Bs. 8,636</u>	<u>Bs. 8,905</u>
Other Income					
Including Loans . . .	<u>84</u>	<u>102</u>	<u>200</u>	<u>200</u>	<u>60</u>
	<u>Bs. 7,217</u>	<u>Bs. 7,367</u>	<u>Bs. 7,958</u>	<u>Bs. 8,836</u>	<u>Bs. 8,965</u>

VENEZUELA ECONOMY

International Reserves of Venezuela were as follows:

	January 31, 1967 (in millions)	September 30, 1967 (in millions)
Gold at Central Bank	U.S. \$342	U.S. \$342
Gold at New York	59	59
Gold at International Monetary Fund	62	72
Inter-American Development Bank Bonds	10	22
Sight Deposits New York	63	57
Time Deposits New York	283	219
	<hr/> 819	<hr/> 771
Less: Obligations	7	5
	<hr/> U.S. \$812	<hr/> U.S. \$766

The decrease of \$46 million from January 31, is not of great significance as importers remit dollars in August and September to purchase goods for the Christmas season. Venezuela's balance of payments for 1967 is expected to be favourable. In this connection, production of the petroleum industry shows a growth of 5.4% in the nine months to September 30, 1967, compared to the similar period of 1966. The Middle-East conflict has resulted in an increase in demand for this product. Venezuela became the principal supplier of petroleum to the United Kingdom in July, providing 25 per cent of British oil imports compared with 10 per cent in the first quarter of this year.

Aluminio del Caroní, S.A., a Venezuelan aluminum producer, owned jointly by the Corporación Venezolana de Guayana, an agency of the Venezuelan Government, and Reynolds International, Inc., a subsidiary of the Reynolds Metal Company, Richmond, Virginia, has announced plans to increase its production of aluminum with the help of an \$8 million credit from the U.S. Export-Import Bank.

The new credit raises to \$20.5 million, assistance provided by the Export-Import Bank since 1965 to establish the first major aluminum reduction and fabricating plant in Venezuela. The plant, located at Ciudad Guayana at the confluence of the Orinoco and Caroní Rivers — about 350 miles east of Caracas — recently commenced production. The new credit will finance purchases of U.S. equipment and services needed to increase annual ingot capacity of the plant from 22 million pounds to 50 million pounds and to expand related fabricating facilities. The total cost of the expanded plant is estimated at \$42.9 million.

The Commonwealth Oil Refining Co. of San Juan, Puerto Rico, and the Instituto Venezolano de Petroquímica, a government agency, have announced plans to develop a \$400 million petrochemical complex in Venezuela. The first installation in the complex will be an \$80 million plant, producing ammonia and other nitrogen-based products,

to be located in the El Tablazo area at the mouth of Lake Maracaibo, in the territory of the Maracaibo Company. Second priority will be a large aromatics plant that would make benzene, toluene, xylenes and derivative products.

The agreement between the two companies provides for:—

— Establishing joint projects in other Latin American countries and in Puerto Rico, to process Venezuelan petrochemicals.

— The reinvestment of profits from the venture in additional Venezuelan petrochemical plants, and, under certain conditions, in related manufacturing operations.

The petrochemical project is the first outside Puerto Rico for Commonwealth Oil, whose Chairman of the Board is Teodoro Moscoso, first Coordinator of the Alliance for Progress. José Antonio Mayobre, Venezuela's Minister of Mines and Hydrocarbons, said the complex should help Venezuela in its goal of "diversifying the composition of export trade" by adding "an ever increasing proportion of manufactured goods".

SOURCES:

VENEZUELA ECONOMIC REVIEW

FIRST NATIONAL CITY BANK MONTHLY SUMMARY

VENEZUELAN PRESS

SPECIAL REPORTS

BOLIVIA

The Bolivian Power Company is currently completing the projects covered by the \$5,000,000 credit from the International Development Association and is proceeding with the construction of a new hydro-electric plant in the La Paz service area. This plant will consist of two stages which when completed, will add 27,360 kilowatts to the system.

Financing for this new plant has been partially arranged with a Swiss manufacturer for the turbines and generators. Discussions are being held with other manufacturers and with Export Credit Insurance Corporation of Canada for additional financing for the remainder of the project.

GROSS NATIONAL PRODUCT

The Government has estimated that the GNP is growing at the rate of 6.3 per cent in 1967.

STATISTICAL DATA

	Millions of U.S. Dollars				May
Gold & Foreign Holdings	1963	1964	1965	1966	1967
Gold	2	5	7	7	8
Foreign Exchange	8	17	28	27	21
Total	10	22	35	34	29
Total Foreign Trade					
Exports	66	86	99		
Imports	98	97	122		
Trade Surplus or Deficit (—) . . .	—32	—11	—23		
U.S. Trade with Bolivia					
					Jan./May
U.S. Exports	37	45	41	47	26
U.S. Imports	15	28	31	28	18
U.S. Trade Surplus or Deficit (—) .	22	17	10	19	8

PETROLEUM

A contract between YPFB, the Bolivian Government petroleum agency, and the Argentine state oil authority, for the exportation of crude petroleum was signed last month and the first 50,000 barrels have already been delivered in the frontier town of Pocitos.

The Government of Paraguay has requested 1,200 barrels of refined petroleum per day to be delivered to Boyuibe. Preliminary negotiations with respect to prices, terms, etc., have been accepted by both parties and it is expected that the contract will be signed as soon as ready.

COFFEE

Bolivia has become a member of the International Coffee Agreement, raising to 16 the number of coffee-producing nations belonging to the world-wide Agreement. Bolivia's basic export quota under the Agreement has been set at 50,000 bags. Argentina and the United States, coffee importers, are also members of the Agreement.

SOURCES:

FIRST NATIONAL CITY BANK MONTHLY SUMMARY

B.O.L.S.A. REVIEW

EL SALVADOR

The Oriente Company was merged with the San Salvador Company with a view to obtaining operating economies. As a result of this merger, electric power rates in the former Oriente service area were brought to the levels of the San Salvador Company.

EL SALVADOR ECONOMY

Th latest reports indicate that the price of the basic crops grown in El Salvador, coffee, cotton and sugar, are firming up on the international market.

STATISTICAL DATA

Central Bank Reserves (Millions U.S. \$)	1964	1965	1966	May 1967
Gold	18	19	18	18
Foreign Exchange	30	32	39	68
Total	48	51	57	86
Total Foreign Trade (Million U.S. \$)				
Exports	178	189	193	
Imports	191	202	221	
Trade Surplus or Deficit (—) . . .	—13	—13	—28	
U.S. Trade with El Salvador (Millions U.S. \$)				Jan./May
U.S. Exports	66	60	70	27
U.S. Imports	43	48	44	40
U.S. Trade Surplus or Deficit (—) .	23	12	26	—13

SOURCES:

FIRST NATIONAL CITY BANK MONTHLY SUMMARY
SALVADOREAN PRESS

BARBADOS

The Barbados Company recently converted a short-term bank loan of E.C. \$3,360,000 to a fixed-term loan with repayment set over a 5-year period.

Barbados has followed Great Britain by devaluing the East Caribbean dollar by 14.5 per cent. As the Barbados Company contributes less than 5 per cent to the Consolidated Net Income, the reduction in earnings in 1967, as a consequence to this devaluation, will be negligible. For the whole of 1968, the reduction in earnings will be approximately 1 per cent. At present rates of growth, this devaluation will be more than offset in a short time.

The fourth conference of Governments of Commonwealth Caribbean countries ended on October 27 and among other business, a committee was appointed to finalize details of a Regional Development Bank.

The Regional Development Bank for the Commonwealth Caribbean countries will be formed with contributions from all local governments, together with U.S. \$20 million to be contributed jointly by the Governments of the United Kingdom and Canada. The Government of the U.S.A. has indicated it will not contribute to the equity of the Bank but indicated its willingness to make a loan to the Bank, subject to availability of funds.

Barbados has been admitted to membership in the Organization of American States (OAS) and has also applied for membership in the International Monetary Fund.

SOURCE:

BARBADOS PRESS

IMPORTANT FOR ALL SHAREHOLDERS

We hope you will be able to attend the Special General Meeting and the Annual General Meeting of Shareholders. If you cannot attend, to be sure your interests are represented, please sign and return promptly the enclosed proxy in the envelope provided. No postage is required.

The signing and returning of the proxy does not prevent you from voting in person if you can be present at the Meetings.

It is important that each shareholder be represented at the Meetings, whether the number of shares held is small or large.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

276 St. James Street West

Montreal 1, Canada

NOTICE OF SPECIAL GENERAL MEETING AND THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

MAY 12, 1967

To the Shareholders:

A Special General Meeting of Shareholders of Canadian International Power Company Limited, will be held at the office of the Corporation, on the tenth floor, 276 St. James Street West, Montreal 1, Quebec, Canada, on Friday, May 12, 1967, at 10:30 a.m. (Eastern Daylight Saving Time) to sanction and confirm By-Law XXXIII, enacted by the Board of Directors at the meeting of the Board held on February 9, 1967, increasing the number of Directors from twelve to thirteen and amending the By-Laws to accord with this increase.

The Annual General Meeting of Canadian International Power Company Limited will be held at the same office of the Corporation, on Friday, May 12, 1967, immediately following the Special General Meeting, for the following purposes all as described in the accompanying Proxy Statement:

- (1) To elect a Board of Directors for the ensuing year to consist of thirteen members;
- (2) To consider and act upon the appointment of Auditors for the Corporation for the year 1967;
(Notice is further given that notice has been received by the Corporation from a shareholder stating that such shareholder intends to nominate Arthur Young, Clarkson, Gordon & Co. to the office of Auditor of the Corporation for the ensuing year).
- (3) To transact such other business as may properly come before the Meeting.

The Directors and Management know of no other business to come before either Meeting.

Shareholders of record as of the close of business on April 24, 1967, are entitled to vote and take part in the business of the Meetings.

All shareholders are urged to participate either by sending in their proxies or by attending the Meetings in person.

By Order of the Board of Directors,

E. H. CAMPBELL,
Secretary.

M. G. TAYLOR,
President.

April 24, 1967.

If you cannot be personally present at the Meetings, please fill out, sign and date the enclosed proxy and return it in the enclosed envelope.

A registered holder of both Preferred and Common Shares will receive two proxies, both of which require signature and return.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

276 St. James Street West

Montreal 1, Canada

PROXY STATEMENT

Special General Meeting and the Annual General Meeting of Shareholders May 12, 1967

This Proxy Statement is furnished in connection with the solicitation of proxies for use at the Special General Meeting and the Annual General Meeting of Shareholders of Canadian International Power Company Limited, a Canadian Corporation, to be held on May 12, 1967.

The enclosed form of proxy is being solicited by the Management of the Corporation and the expenses of solicitation of the proxies will be borne by the Corporation. As in previous years, the solicitation will be made primarily by mail. Directors, officers and regular employees of the Corporation may solicit proxies by telephone, telegram or in person. Brokerage houses and other custodians, nominees and fiduciaries will be reimbursed for the expense of forwarding documents to beneficial owners for whom they hold stock.

Where the shareholder specifies a choice as provided in the form of proxy, with respect to any matter to be acted upon, the shares will be voted in accordance with the choice so specified, otherwise it will be voted in accordance with Management's recommendations. The proxy is revocable and the giving of a proxy will not affect the right of a shareholder to attend and vote in person at the Meeting.

As of March 31, 1967, there were outstanding 2,317,256 shares of Common Stock and 340,808 shares of Preferred Stock which entitle shareholders to one vote in person or by proxy for each share held.

As of March 31, 1967, The United Corporation, a closed-end registered investment company organized under the laws of the State of Delaware, owned beneficially 1,298,918 shares of the Common Stock or 48.9% of the outstanding voting securities of the Corporation.

Only shareholders of record as of the close of business on April 24, 1967, are entitled to notice of and to vote at the Meeting.

Special General Meeting

At the Special General Meeting the shareholders will be asked to sanction and confirm By-Law XXXIII, increasing the number of Directors from twelve to thirteen. At the Board of Directors' meeting held on February 9, 1967, the Board decided that it would be in the best interests of the Corporation to recommend to shareholders the election of John Kazakoff, the Corporation's Senior Vice-President, as a Director. The Board therefore adopted a By-Law subject to confirmation of shareholders increasing the number of Directors from twelve to thirteen. Approval of two-thirds of the votes cast is required for the adoption of the By-Law.

Annual General Meeting

Election of Directors

At the Annual General Meeting, thirteen Directors are to be elected if By-Law XXXIII is sanctioned, to hold office for the following year or until their successors shall be elected and qualify. The persons designated as proxies in the accompanying form of proxy have advised Management that unless otherwise directed it is their intention to vote the proxies for the election of Messrs. William M. Hickey, Frederick Krug, Morley G. Taylor, Paul W. Raymer, Frederic J. Ahern, E. Ryckman Alexander, Leo F. Daley, William R. Eakin, Hon. Robert C. Hill, John R. Hughes, Alejandro J. Lara and Richard Joyce Smith as Directors and if By-Law XXXIII is sanctioned for John Kazakoff.

In the event that any of the above nominees should become unavailable for any reason, the proxies will be voted for an alternative candidate to be selected by the person or persons acting as proxies as designated in the form of Management proxy.

All of the nominees are members of the present Board of Directors and have previously been elected Directors by the Corporation's shareholders, with the exception of John Kazakoff.

Further Information about Nominees for Directors

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1966 (See Note 1)
William M. Hickey	President and Director, The United Corporation since 1943; Chairman of the Board and Director, Canadian International Power Company Limited, International Power Company Limited, True Temper Corporation; President and Director, Monterey Railway, Light and Power Company; Director, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, D. H. Baldwin & Co., Milton Bradley Company, Fiveca S.A.	1956-1966	100 shares Canadian International Power Company Limited Common Stock. 76,000 shares The United Corporation Common Stock.
Frederick Krug	Chairman of the Executive Committee since 1962 and Director, Canadian International Power Company Limited, International Power Company Limited; Vice-President and Director, Montreal Engineering Company Limited; Director, The United Corporation, Monterey Railway, Light and Power Company, Arcturus Investment & Development Ltd.	1956-1966	40,000 shares Canadian International Power Company Limited Common Stock. 880 shares Canadian International Power Company Limited Preferred Stock. 36,000 shares The United Corporation Common Stock.
Morley G. Taylor	President and Director, Canadian International Power Company Limited since 1962; President and Director, International Power Company Limited, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, Hemisphere Management Services Limited; Chairman of the Board and Director, The Barbados Light and Power Company Limited; Vice-President and Director, Monterey Railway, Light and Power Company; Director, Fiveca S.A., Compañía de Alumbrado Eléctrico de San Salvador, Monenco Services Limited, Montec Limited, Montreal Engineering Company Limited.	1957-1966	5,320 shares Canadian International Power Company Limited Common Stock.
John Kazakoff	Senior Vice-President, Canadian International Power Company Limited since 1965; Vice-President and Director, International Power Company Limited since 1963, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, Hemisphere Management Services Limited; Director, The Barbados Light and Power Company Limited.		4,625 shares Canadian International Power Company Limited Common Stock.
Paul W. Raymer	Retired; Formerly Vice-President, Canadian International Power Company Limited from 1962 to 1965 and formerly Vice-President, International Power Company Limited from 1958 to 1963; Director, International Power Company Limited.	1957-1966	5,050 shares Canadian International Power Company Limited Common Stock. 3,500 shares The United Corporation Common Stock.

Further Information about Nominees for Directors—Continued

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1966 (See Note 1)
John R. Hughes	Chairman since 1961, Royal Securities Corporation Limited, Investment Dealers; Partner, Royal Securities Company; Vice-President and Director, Maritime Electric Company, Limited; Director, McFarlane Son & Hodgson (Ltd.), Hunting Associates Limited, International Power Company Limited, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, Monterey Railway, Light and Power Company, Kenting Aviation Limited, Canelco Services Limited.	1956-1966	2,700 shares Canadian International Power Company Limited Common Stock.
Alejandro J. Lara	President, since 1956, Fiveca S.A., a real estate and investment subsidiary of the Corporation, Banco Hipotecario Venezolano, Centro Residencial Plaza C.A.; Director, International Power Company Limited, Banco Venezolano de Crédito, Banco Lara, C.A. La Seguridad, Central Hipotecaria Sociedad Financiera, Companero C.A., Fitaca S.A.	1965-1966	100 shares Canadian International Power Company Limited Common Stock.
Richard Joyce Smith	Partner, Whitman, Ransom & Coulson, Attorneys-at-Law, for more than the past five years; Trustee, New York, New Haven and Hartford Railroad Company; Trustee, Northeast Utilities; Director, Connecticut Yankee Atomic Power Company, International Power Company Limited, The Bullard Company, True Temper Corporation.	1956-1966	25 shares Canadian International Power Company Limited Common Stock. 200 shares The United Corporation Common Stock.

Note:

1. Based on information furnished to the Corporation by the nominees.

Remuneration of Directors and Officers

The following table provides the aggregate remuneration paid during the fiscal year ended December 31, 1966, by the Corporation and its subsidiaries to Mr. Taylor and Mr. Kazakoff, the only Directors or officers whose aggregate remuneration exceeds \$30,000 and to all Directors and officers as a group and the estimated annual benefits upon retirement to Mr. Taylor and Mr. Kazakoff.

Name of Individual or Number of Persons in Group	Capacity in which Remuneration Received	Aggregate Direct Remuneration	Estimated Annual Benefits upon Retirement
Morley G. Taylor	Director, President	\$ 46,679	\$13,242.91
John Kazakoff	Senior Vice-President	30,631	18,075.00
16 Directors and Officers as a Group including Mr. Taylor and Mr. Kazakoff		128,551.17	

Stock Options

No stock options have been granted since the beginning of the last fiscal year. During that period, stock options have been exercised by Directors and officers as follows:

Options*	No. of Shares	Date Exercised	Option Price	Market Price on Date of Exercise
Morley G. Taylor	1,000	Nov. 1	\$12.35	\$30.25
	2,000	Nov. 8	12.35	29.25
	1,000	Nov. 16	12.35	29.00
Frederick Krug	2,500	Sept. 9	14.25	27.25
	2,500	Oct. 26	14.25	30.00
John Kazakoff	500	June 14	12.35	27.00
	500	Sept. 16	12.35	26.00
	1,000	Nov. 17	12.35	29.00
Paul W. Raymer	2,500	June 3	14.25	26.25
	2,500	Nov. 18	14.25	28.88
Four Directors and Officers as a Group	16,000			

*All amounts are stated in Canadian Dollars.

Interest of Management and Others in Certain Transactions

Montreal Engineering Company Limited, Montreal, Quebec, of which Mr. Frederick Krug, a Director and Officer of the Corporation, is a Vice-President and Director and of which Mr. Morley G. Taylor, a Director and Officer of the Corporation, is a Director, rendered the engineering consultant work for the Corporation and its subsidiaries during the last three years and it is anticipated that similar services will be rendered by that firm during the current fiscal year and in the future. During the fiscal year ended December 31, 1966, the Corporation and its subsidiaries paid to Montreal Engineering Company Limited fees in the amount of \$795,168.*

Royal Securities Corporation Limited of which Mr. John R. Hughes, a Director of the Corporation, is an Officer and Director entered into an underwriting agreement dated November 29, 1965, with the Corporation whereby that corporation agreed to purchase and did purchase 350,000 shares of the Corporation's 5.2% Cumulative Redeemable Second Preferred Shares, 1965 Series, Par Value Can. \$20 per share (5.2% Preferred Shares). Under that underwriting agreement the Corporation paid to Royal Securities Corporation Limited the sum of \$525,000* on January 4, 1966.

*Amounts stated in Canadian Dollars.

Selection of Auditors

Under Canadian law, auditors of corporate accounts represent the interests of shareholders and accordingly, must be proposed and appointed solely by shareholders. Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, will be nominated for the ensuing year. This firm has for many years been Chartered Accountants in Montreal and other parts of Canada and is represented in most of the countries in which the subsidiaries operate. Arthur Young, Clarkson, Gordon & Co. has no direct or indirect material financial interest in the corporation or any of its subsidiaries and have had no connection with the corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Other Matters

The Management knows of no other business to come before either Meeting. If, however, any other business properly comes before either Meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their best judgment.

To assure representation of your interests if you cannot attend the Meetings, please sign and return promptly the proxy in the enclosed envelope.

By Order of the Board of Directors,

E. H. CAMPBELL,
Secretary-Treasurer.

M. G. TAYLOR,
President.

April 24, 1967.

Further Information about Nominees for Directors—Continued

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1966 (See Note 1)
Frederic J. Ahern	Vice-President, The United Corporation since 1964; President, Unicorp of Canada Limited, a former subsidiary of The United Corporation from 1961 to 1964; Director, Bow Valley Industries Limited, Monterey Railway, Light and Power Company, The Barbados Light and Power Company Limited, Hemisphere Management Services Limited, Fiveca S.A.	1962-1966	280 shares Canadian International Power Company Limited Common Stock. 1,900 shares The United Corporation Common Stock.
E. Ryckman Alexander	Vice-President, Finance since 1952 and Director, Sun Life Assurance Company of Canada, an insurance company; President, Cornwall Street Railway, Light and Power Company Limited, The Stormont Electric Light & Power Company Limited, The Glengarry & Stormont Railway Company; Director, Fraser Companies, Limited, International Power Company Limited, Northern and Central Gas Company Limited, Calgary Power Limited.	1957-1966	100 shares Canadian International Power Company Limited Common Stock.
Leo F. Daley	Senior Vice-President, Harris, Upham & Co. Inc., a member firm of the New York Stock Exchange and for more than the past five years a partner of Harris, Upham & Co.; Director, The United Corporation, American News Company, Eagle Tribune Publishing Company Limited, International Power Company Limited, Milton Bradley Company, Newport Gas Light Company, True Temper Corporation; Trustee, Eastern Gas & Fuel Associates; Trustee, Suffolk Franklin Savings Bank.	1956-1966	15,000 shares The United Corporation Common Stock.
William R. Eakin	Vice-President, for more than the past five years, McLean, Kennedy Limited, a shipping company; President, Shipping Federation of Canada; Director, International Power Company Limited, Mussens Limited, G. Heyn & Sons Limited, Ulster S.S. Company Limited (Belfast, Northern Ireland), Montreal - Australia - New Zealand Line, Limited.	1966	33,495 shares Canadian International Power Company Limited Common Stock.
Hon. Robert C. Hill	Consultant, International Affairs; United States Ambassador to Mexico 1957 to 1961; previously United States Ambassador to Costa Rica and El Salvador and Assistant Secretary of State for Congressional Relations; Director, United Fruit Company, Merck & Co. Inc., International Power Company Limited, True Temper Corporation, Northeast Airlines, Todd Shipyards Corp., Revere Sugar Refinery, Monterey Railway, Light and Power Company; Vice-Chairman of the Board, Pension Corporation of America; President, People's National Bank, Littleton, N.H.	1963-1966	100 shares Canadian International Power Company Limited Common Stock.

REMARKS OF MR. Wm. M. HICKEY
CHAIRMAN OF CANADIAN INTERNATIONAL POWER COMPANY LIMITED
AND PRESIDENT OF THE UNITED CORPORATION
BEFORE THE MONTREAL SOCIETY OF FINANCIAL ANALYSTS
DECEMBER 13, 1967

To each of you, I believe, there was sent last spring a copy of the rather substantial brochure that was prepared for the meeting of security analysts in New York last March. That brochure has been brought up-to-date through a supplement which has been distributed to you. More copies are available for anyone who does not have one.

In that brochure and supplement and in my talk last March there was given a considerable amount of information about the countries in which Canadian International Power operates, as well as about the subsidiary operating companies themselves. There has been no substantial basic change since then; hence, there is no need to repeat all that information. However, we are, of course, ready to answer any questions.

Rather than to repeat, let me just give you the highlights.

These countries, Venezuela particularly, are very dynamic. Their growth is rapid, as is the growth of our electric operating subsidiaries. And contrary to what you sometimes read in sensational news items, there is a considerable amount of political stability. Also, many large and well-known companies have substantial operations there; for example, Standard Oil of New Jersey, Gulf Oil, Royal Dutch, Shell, U.S. Steel, Bethlehem Steel, Englehart Industries, Sears Roebuck, and many others.

Latin America as a whole has roughly the same population as North America, but it is growing much faster. Furthermore, the effective population

economically, that is, the population that participates in the economic life of the country, is generally only a fraction of the total. But this fraction is growing larger each year. Hence, the "economic population" of Latin America is growing very rapidly, indeed. Latin America will be very important in the decades to come.

Not many years ago Latin America was having a very hard time. Castro had taken over Cuba and it was being used as a Communist base for subverting all of Latin America. Venezuela, in particular, because of its great resources and its location, was their number one target. But the Venezuelan Government and people resisted all these attacks and continued to make progress. They demonstrated considerable political stability. Four years ago they held a presidential election and the Communists made great threats against anyone who would vote. In spite of these threats some 90% of the eligible people turned out and voted; an excellent performance. The office of president was turned over in an orderly and democratic way.

Very recently these Castro Communists issued their last gasp, when they tried to create another Communist country in Bolivia. But the people of Bolivia did not join them. Rather, the Bolivian Army searched out and destroyed Ché Guevara. Bolivia deserves our applause.

From here on there very probably will be difficulties of one kind or another, but Latin America should be rid of this trouble and able to continue to make progress. The progress and stability of Latin America are essential to North America and will be supported by North America.

The electric light and power industry in Latin America has, in general, been at a state in its development perhaps 20 years behind North America. The great growth that has taken place here is well known. The same sort of growth and progress is taking place and will continue to do so in Latin America.

The economic nature of the electric utility industry is important to stress. With its growth, and particularly with its growth in increased use per customer its margin of profit tends to improve. Also, it has a low labor factor. Thus, it is able to meet, within reasonable limits, increasing expenses and taxes. In some favorable cases it can even reduce rates.

We look forward to the future with confidence. We still have with us the problems described in New York in March, but feel they can be met.

We are constantly looking for new areas into which to expand. We have made a number of investigations and when we find one or more that will make Canadian International Power stock worth more, such as Barbados $4\frac{1}{2}$ years ago, we'll undertake it.

REMARKS OF MORLEY G. TAYLOR
PRESIDENT OF CANADIAN INTERNATIONAL POWER COMPANY LTD.,
BEFORE THE MONTREAL SOCIETY OF FINANCIAL ANALYSTS
ON DECEMBER 13, 1967.

As Mr. Hickey has mentioned, the Supplement to our brochure contains the up-dated statistical, financial and general information which will no doubt be helpful to you.

Subsequent to our appearance in March before the New York Society, we prepared a brief on the Carter Commission Report which was submitted to the Minister of Finance, Mr. Sharp, on September 26, 1967. We discussed our brief with Mr. Sharp, as well as with other members of the Federal Cabinet and officers of the Government who were studying the Carter Report. We have a limited number of copies of our brief here for any of you who might be interested, and we will be glad to mail copies to any others of you if you care to give us your name and address.

As you are aware, Mr. Sharp, in his budget speech of November 30, stated that the Government intends to place the "White Paper" before Parliament and the public, which will propose tax reforms within the existing tax structure. You will note in our brief that, although we have asked for the retention of Sections 28 and 71 of the Income Tax Act under which our companies have operated, we have given alternative recommendations in the international field. Should it be necessary, we are prepared to make further comments once the Government's intentions are made public.

And now a few words about our companies and the areas in which they operate:

Venezuela - Conditions continue stable politically, the economy is sound, foreign reserves are high, assuring convertibility. The oil industry continues without a great deal of change, although it is pumping at a somewhat higher production rate following the Middle East war. Service contracts for oil exploitation between the Government oil company, Corporacion Venezolana de Petroleo, and the major foreign oil companies are being discussed. The earthquake in the Caracas area on July 29th was rather serious, but no appreciable effect was felt in our business.

It is the policy of C.I.P. for its subsidiaries to foster the development of the local capital markets. In this respect the Maracaibo subsidiary recently completed the sale of Bs. 3,617,200 (equivalent to U.S.\$ 803,822) of common stock to the Venezuelan public. We feel that it is significant that 83% of the subsidiary's employees bought the stock. Furthermore, both the Maracaibo and Barquisimeto subsidiaries are in the process of selling issues of long-term bonds, the proceeds of which are for general corporate purposes.

A notable recent expansion of the Maracaibo company's services was the construction of a 65-mile transmission system north of Maracaibo, westward to the town of Maicao in Colombia. This is the first electric transmission line crossing of an international border in northern South America. The provision of reliable electric service to this isolated community from a modern distribution system, built under the Company's technical supervision, has received much favourable publicity.

Bolivia - Greater interest is being shown in Bolivia by private mining entities and Bolivian Power Company is currently negotiating power contracts with two new mining customers and pursuing the possibility of others. There has been a slight

increase in oil production, which is mainly from the Gulf Oil's operations. We are maintaining good relations with all Government bodies and with the mining corporation to whom we sell substantial blocks of power. The Company is continuing its program of installing increased generating and transmission capacity.

El Salvador - The growth picture continues good. We continue expanding our services into new and existing areas, as well as absorbing some additional existing companies. For some time we have been negotiating the purchase of a small group of electric systems in an area southeast of San Salvador. In the face of hesitation by Government to give their blessing to the sale to our Company, it has been gratifying to learn that the municipalities concerned, as also the labour union, have sent petitions to the Central Government requesting that approval be given to the sale, as they preferred our Company to the existing, or any other proposed ownership. This country continues to be politically stable and we maintain good relations with the various Government entities. Salvadorean economy is sound and their exchange is stable.

Barbados - This company is showing a very rapid rate of growth, currently averaging about 20% per year. With this rapid growth, additional financing will, of course, be required from time to time. Our relationships with Government and public are, we feel, first class. As indicated in our supplement to the brochure, the recent devaluation of the East Caribbean Dollar will have a minimal effect on the consolidated picture of our Company.

In my remarks in March, I placed considerable emphasis on our Company's over-all training program for our employees and staff. During October we held a

group seminar in Pensacola, Florida, which was attended by representatives from our various companies as well as representatives from Gulf Power Company. The purpose of this meeting was to interchange information between our groups and to upgrade the methods and techniques being used in the operation of our systems. It was highly successful.

It has been a pleasure to have this opportunity to talk to you, and we will do our best to answer any questions you may have. Also, if following this meeting, any of you have any queries on any phases of our Company's operations, please let us hear from you.

IMPORTANT FOR ALL SHAREHOLDERS

We hope you will be able to attend the Special General Meeting and the Annual General Meeting of Shareholders. If you cannot attend, to be sure your interests are represented, please sign and return promptly the enclosed proxy in the envelope provided. No postage is required.

The signing and returning of the proxy does not prevent you from voting in person if you can be present at the Meetings.

It is important that each shareholder be represented at the Meetings, whether the number of shares held is small or large.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

276 St. James Street West
Montreal 126, Quebec, Canada

**NOTICE OF SPECIAL GENERAL MEETING
AND THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
MAY 7, 1971**

To the Shareholders:

A Special General Meeting of Shareholders of Canadian International Power Company Limited, (herein called "the Corporation") will be held at the office of the Corporation, on the tenth floor, 276 St. James Street West, Montreal 126, Quebec, Canada, on Friday, May 7, 1971 at 10:30 a.m. (Eastern Daylight Saving Time) to sanction and confirm By-law XXXVIII, enacted by the Board of Directors at the Meeting of the Board held on April 2, 1971, which allows for the appointment of more than one Vice-Chairman of the Board of Directors.

The Annual General Meeting of Canadian International Power Company Limited will be held at the same office of the Corporation, on Friday, May 7, 1971, immediately following the Special General Meeting.

- (1) To elect a Board of Directors for the ensuing year to consist of twelve members;
- (2) To consider and act upon the appointment of Auditors for the Corporation for the year 1971;
- (3) To transact such other business as may properly come before the Meeting.

The Directors and Management know of no other business to come before the Meeting.

Shareholders of record as of the close of business on April 8, 1971 are entitled to vote and take part in the business of the Meetings.

All shareholders are urged to participate either by sending in their proxies or by attending the Meetings in person.

By Order of the Board of Directors,
ALAN B. CREAGHAN,
Secretary

JOHN KAZAKOFF,
President

April 14, 1971

If you cannot be personally present at the Meetings, please fill out, sign and date the enclosed proxy and return it in the enclosed envelope.

If you are a registered holder of both Preferred and Common Stock, two proxies are enclosed. Please fill out, sign and date both of the enclosed proxies and return them in the enclosed envelope.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

276 St. James Street West
Montreal 126, Quebec, Canada

**PROXY STATEMENT
(Proxy Information Circular)**

**Special General Meeting and the Annual General Meeting of Shareholders
May 7, 1971**

This Proxy Statement is furnished in connection with the solicitation of proxies for use at the Special General Meeting and Annual General Meeting of Shareholders of Canadian International Power Company Limited, a Canadian corporation, (herein called "the Corporation") to be held on May 7, 1971.

The enclosed form of proxy is being solicited by the Management of the Corporation and the expenses of solicitation of the proxies will be borne by the Corporation. As in previous years, the solicitation will be made primarily by mail. Directors, officers and regular employees of the Corporation may solicit proxies by telephone, telegram or in person. Brokerage houses and other custodians, nominees and fiduciaries, will be reimbursed for the expense of forwarding documents to beneficial owners for whom they hold stock. It is anticipated that the cost of solicitation of the proxies will not exceed \$5,500.*

Where the shareholder specifies a choice as provided in the form of proxy with respect to any matter to be acted upon, the shares will be voted in accordance with the choice so specified, otherwise they will be voted in accordance with Management's recommendations. The proxy is revocable by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meetings, or any adjournments thereof, at which the proxy is to be used or with the chairman of such meetings on the day of the meetings, or adjournments thereof.

On April 8, 1971 there were outstanding 2,904,070 shares of Common Stock and 313,525 shares of Preferred Stock which entitle shareholders to one vote in person or by proxy for each share held.

On April 8, 1971, The United Corporation, a closed-end registered investment company organized under the laws of the State of Delaware, owned beneficially 1,515,147 shares of the Common Stock or 47% of the outstanding voting securities of the Corporation.

Only shareholders of record as of the close of business on April 8, 1971, are entitled to notice of and to vote at the Meetings.

Special General Meeting

At a meeting of the Board of Directors held on April 2, 1971, the Board amended the By-laws of the Corporation to permit the appointment of more than one Vice-Chairman of the Board. Prior to such amendment, the By-laws of the Corporation authorized the appointment of one Vice-Chairman. At the Special General Meeting, the shareholders will be asked to sanction and confirm the adoption by the Board of By-law XXXVIII which amends the language of existing By-laws IV, V, VII, X, XIII and Special By-law C to make provision for more than one Vice-Chairman. (The text of these amendments is enclosed herewith). The Board of Directors enacted the foregoing amendments in order to provide the Corporation with additional flexibility in the appointment of its corporate officers. Management recommends that the shareholders vote at the Special General Meeting to sanction and confirm the amendments. The approval of two-thirds of the votes cast is required for the adoption of the foregoing amendments to the By-laws.

**Annual General Meeting
Election of Directors**

At the Annual General Meeting, twelve Directors are to be elected to hold office for the following year or until their successors shall be elected and qualify. The persons designated as proxies in the accompanying form of proxy have advised Management that unless otherwise directed it is their intention to vote the proxies for the election of Messrs. Wm. M. Hickey, Frederic J. Ahern, John Kazakoff, Eric H. Campbell, Paul W. Raymer, E. Ryckman Alexander, Leo F. Daley, William R. Eakin, Hon. Robert C. Hill, John R. Hughes, Alejandro J. Lara and Richard Joyce Smith as Directors.

Although Management does not contemplate that any of the above nominees will become unavailable for election for any reason, in the event that vacancies unexpectedly occur the proxies will be voted for an alternative candidate to be selected by the person or persons acting as proxies as designated in the form of Management proxy.

All of the nominees are members of the present Board of Directors and, with the exception of Eric H. Campbell, have previously been elected Directors by the Corporation's shareholders.

*Canadian dollars.

Further Information about Nominees for Directors

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1970 (See Note 1)
Wm. M. Hickey	President and Director, The United Corporation; Chairman of the Board and of the Executive Committee and Director, Canadian International Power Company Limited, International Power Company Limited; President and Director, Monterey Railway, Light and Power Company; Director, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, The Barbados Light and Power Company Limited, C.A. Energía Eléctrica de Venezuela, Empresas Eléctricas Venezolanas, S.A., C.A. Energía Eléctrica de Barquisimeto, D.H. Baldwin & Co., Fiveca, S.A., Laser Diode Laboratories Inc., Cía. Industrial de Novedades Plásticas y Metálicas, S.A.	1956-1971	250 shares Canadian International Power Company Limited Common Stock. 111,033 shares The United Corporation Common Stock.
John Kazakoff	President and Director, Canadian International Power Company Limited, International Power Company Limited, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, C I Power Services Limited; Chairman of the Board and Director, The Barbados Light and Power Company Limited; Director, Compañía de Alumbrado Eléctrico de San Salvador, Monterey Railway, Light and Power Company.	1967-1971	5,781 shares Canadian International Power Company Limited Common Stock.
Leo F. Daley	Senior Vice-President, Harris, Upham & Co. Inc., a member firm of the New York Stock Exchange; Director, The United Corporation, American News Company, International Power Company Limited, Monterey Railway, Light and Power Company, Milton Bradley Company, Newport Gas Light Company; Trustee, Eastern Gas & Fuel Associates, Suffolk Franklin Savings Bank, Massachusetts Eye and Ear Infirmary.	1956-1971	625 shares Canadian International Power Company Limited Common Stock. 33,200 shares The United Corporation Common Stock.
William R. Eakin	President and Director, McLean Kennedy, Limited, a shipping company; Director, International Power Company Limited, M.S.N. Industries Limited, Montreal-Australia-New Zealand Line, Limited and the following United Kingdom companies: G. Heyn & Sons Limited, Ulster S.S. Company Limited, Donaldson Line Limited.	1966-1971	43,249 shares Canadian International Power Company Limited Common Stock. 1,000 shares The United Corporation Common Stock.

Further Information about Nominees for Directors—Continued

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1970 (See Note 1)
Hon. Robert C. Hill	United States Ambassador to Spain; previously United States Ambassador to Mexico, Costa Rica and El Salvador and Assistant Secretary of State for Congressional Relations; Director, Northeast Airlines, Todd Shipyards Corporation, International Power Company Limited, Monterey Railway, Light and Power Company.	1963-1971	100 shares Canadian International Power Company Limited Common Stock. 100 shares The United Corporation Common Stock.
Frederic J. Ahern	Vice-President, The United Corporation; Vice-Chairman of the Board and Director, Canadian International Power Company Limited; Vice-President and Director, Monterey Railway, Light and Power Company; Director, International Power Company Limited, The Barbados Light and Power Company Limited, C.A. Energía Eléctrica de Barquisimeto, Cía. Industrial de Novedades Plásticas y Metálicas, S.A., Fiveca, S.A., Bow Valley Industries Limited.	1962-1971	350 shares Canadian International Power Company Limited Common Stock. 1,900 shares The United Corporation Common Stock.
Eric H. Campbell	Executive Vice-President since 1971, (Vice-President — Finance 1969, Secretary-Treasurer 1962) also presently Director, Canadian International Power Company Limited; Vice-President, International Power Company Limited; Vice-President — Finance and Director, Monterey Railway, Light and Power Company; Vice-President — Finance and Director, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited; Vice-President and Director, C I Power Services Limited; Director, Compañía de Alumbrado Eléctrico de San Salvador, C.A. Energía Eléctrica de Venezuela, La Electricidad de Perijá, C.A., C.A. Energía Eléctrica de Barquisimeto, C.A. Planta Eléctrica de Carora, Procesamiento Electrónico de Datos, S.A.	1971	810 shares Canadian International Power Company Limited Common Stock.
Paul W. Raymer	Retired; formerly Vice-President, Canadian International Power Company Limited and formerly Vice-President, International Power Company Limited; Director, International Power Company Limited.	1957-1971	1,500 shares Canadian International Power Company Limited Common Stock. 3,500 shares The United Corporation Common Stock.

Further Information about Nominees for Directors—Continued

Name	Principal Occupation and other Business Affiliations (See Note 1)	Period of Service as a Director	The Securities of Canadian International Power Company Limited and The United Corporation owned beneficially as of December 31, 1970 (See Note 1)
E. Ryckman Alexander	Vice-Chairman of the Board and Director, Gaz Métropolitain, Inc., a gas company; Director, Sun Life Assurance Company of Canada, Fraser Companies, Limited, International Power Company Limited, Northern and Central Gas Corporation Limited, Calgary Power Ltd., C I Power Services Limited, Wabasso Limited.	1957-1971	625 shares Canadian International Power Company Limited Common Stock.
John R. Hughes	Retired; formerly Chairman, Royal Securities Corporation Limited, investment dealers; Vice-President and Director, Maritime Electric Company Limited; Chairman and Director, McFarlane Son & Hodgson (Ltd.); Director, Hunting Associates Limited, International Power Company Limited, Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited, Monterey Railway, Light and Power Company, C I Power Services Limited.	1956-1971	3,050 shares Canadian International Power Company Limited Common Stock. 1,675 shares Canadian International Power Company Limited Preferred Stock.
Alejandro J. Lara	President, Fiveca, S.A., a real estate and investment affiliate of the Corporation, Banco Hipotecario Venezolano, Centro Residencial Plaza, C.A.; Director Central Hipotecaria Sociedad Financiera, International Power Company Limited, President, Empresas Eléctricas Venezolanas, S.A.; Director, C.A. Energía Eléctrica de Venezuela, C.A. Energía Eléctrica de Barquisimeto, C.A. Planta Eléctrica de Carora, La Electricidad de Perijá, C.A., Procesamiento Electrónico de Datos, S.A., Banco de Lara, C.A., La Seguridad, Fitaca, S.A.	1965-1971	350 shares Canadian International Power Company Limited Common Stock.
Richard Joyce Smith	Partner, Whitman & Ransom, Attorneys-at-Law; Trustee, New York, New Haven and Hartford Railroad Company, in Reorganization; Northeast Utilities; Director, International Power Company Limited.	1956-1971	31 shares Canadian International Power Company Limited Common Stock. 200 shares The United Corporation Common Stock.

Note: 1. The information with respect to the Principal Occupation and other Business Affiliations of the nominees for Directors, as well as concerning their shareholdings, is provided as of December 31, 1970, the fiscal year end of the Corporation and is based on information furnished to the Corporation by the nominees. More current information would not reasonably be within the power of management to ascertain or procure.

Remuneration of Directors and Officers

The following table shows (i) the aggregate remuneration paid for services in all capacities during the fiscal year ended December 31, 1970 by the Corporation and its subsidiaries to each Director and each of the three highest paid Officers of the Corporation whose aggregate remuneration exceeded \$30,000* and to all Directors and Officers as a group; and (ii) each such person's estimated annual benefits upon retirement.

Name of Individual or Number of Persons in Group	Capacity in which Remuneration Received	Aggregate Direct Remuneration*	Estimated Annual Benefits upon Retirement*
Wm. M. Hickey	Director, Chairman	\$38,260.27	—
John Kazakoff	Director, President	53,012.27	\$39,586.00
Alexander E. Wilcox	Vice-President	45,000.00**	—
Eric H. Campbell	Vice-President	32,157.00	13,090.00
17 Directors and Officers as a Group including Mr. Hickey, Mr. Kazakoff, Mr. Wilcox and Mr. Campbell		354,732.55**	176,219.45

Pursuant to the requirements of the Canada Corporations Act, the following table indicates the aggregate direct remuneration paid or payable by the Corporation and its subsidiaries to Directors and, separately, to Officers of the Corporation in respect of the fiscal year ended December 31, 1970, as well as the particulars required by the said Act concerning proposed pension benefits and other remuneration payments made during the last fiscal year or proposed to be made pursuant to any existing plan or arrangement.

Capacity in which remuneration received	Aggregate remuneration as Directors and Officers*	Estimated aggregate amount of pension benefits*	Other payments made*	Remuneration payments proposed to be made pursuant to any existing plan or arrangement
Twelve (12) Directors of the Corporation	\$ 76,470.41	—	\$ 36,352.00	—
Eight (8) Officers of the Corporation	\$278,084.94	\$140,483.27	—	—

*U.S. dollars.

**Mr. Wilcox resigned his position as Vice-President of Canadian International Power Company Limited and received a lump sum payment from the Venezuelan subsidiaries of \$166,000.00 which was due to him under Venezuelan law upon severance of employment from the Venezuelan subsidiaries.

Stock Option Plan

The following tabulation shows as to certain Directors and Officers and as to all Directors and Officers as a group:

- (i) the amount of options granted since January 1, 1970;
- (ii) the amount of shares acquired since that date through the exercise of options granted since that date or prior thereto; and
- (iii) the amount of shares subject to unexercised options held as of March 15, 1971.

Common Stock	Wm. M. Hickey**	J. Kazakoff	E. H. Campbell	All Directors and Officers as a Group
(1) Options Granted January 1, 1970 to date: Number of Shares	—	—	—	—
Average per share option price* (100% of market value on date of grant)	—	—	—	—
(2) Options Exercised January 1, 1970 to date: Number of Shares	—	—	—	—
Aggregate option price*	—	—	—	—
Aggregate market value on date of exercise	—	—	—	—
(3) Options Unexercised at March 15, 1971: Number of Shares	12,500	5,000	5,000	36,875
Average per share option price*	\$25.20	\$25.20	\$25.20	\$26.78

The closing price on the Montreal Stock Exchange March 15, 1971 was \$24.75*. On the same date the closing price on the American Stock Exchange was \$24.39*.

*Canadian dollars.

**No options granted to Mr. Hickey may be exercised by him without the prior filing of an application and the approval of the transaction by the Securities and Exchange Commission, Washington, D.C. pursuant to Rule 17d-1 under the Investment Company Act of 1940, as amended.

Interest of Management and Others in Certain Transactions

The law firm of Whitman & Ransom of which Mr. Richard Joyce Smith, a Director of the Corporation, is a member, rendered legal services to the Corporation during the last fiscal year and it is anticipated that similar services will be rendered by that firm during the current fiscal year. During the fiscal year ended December 31, 1970 the Corporation and its subsidiaries paid to Whitman & Ransom fees in the amount of \$38,000.00.*

*U.S. dollars.

Selection of Auditors

Under Canadian law, auditors of corporate accounts represent the interests of shareholders and, accordingly, must be proposed and appointed solely by shareholders. Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, were elected and served as auditors for the Corporation since May 12, 1967 and will be nominated for the ensuing year. This firm has for many years been Chartered Accountants in Montreal and other parts of Canada and is represented in most of the countries in which the subsidiaries operate. Arthur Young, Clarkson, Gordon & Co. has no direct or indirect material financial interest in the Corporation or any of its subsidiaries and has had no connection with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Other Matters

The Management knows of no other business to come before the meeting. If, however, any other business properly comes before the meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their best judgment.

To assure representation of your interests if you cannot attend the meetings, please sign and return promptly the proxy in the enclosed envelope.

The undersigned hereby certifies that the information given in this proxy information circular is true and complete in every respect to the best of its knowledge and belief.

By Order of the Board of Directors,
CANADIAN INTERNATIONAL POWER COMPANY LIMITED

ALAN B. CREAGHAN,
Secretary

JOHN KAZAKOFF,
President

April 14, 1971

BY-LAW XXXVIII
enacted by the Board of Directors at a
Meeting of the Board held on April 2, 1971.

- (1) By-law V as replaced by By-Law XXXVI (1) is hereby replaced by the following:

Section 1 - The officers of the Company shall be a Chairman of the Board, one or more Vice-Chairmen of the Board, a President, one or more Vice-Presidents, a Secretary and a Treasurer. The Board of Directors or the Executive Committee may, however, appoint and define the duties of such other officers as they may deem necessary. The officers shall be appointed annually.

Any two of the offices except those of Chairman of the Board, Vice-Chairman of the Board, President and Vice-President may be filled by one person.

Section 2 - Chairman of the Board - The Chairman of the Board shall be the Chief Executive Officer and head of the Company; he shall preside at all meetings of the Board of Directors and of shareholders and under the supervision of the Board of Directors and of the Executive Committee, shall have the general control and management of its business and affairs, subject, however, to the right of the Board of Directors and of the Executive Committee to delegate any specific power to any other officer or officers of the Company. He shall perform and do all acts and things incident to the position of Chairman of the Board and Chief Executive Officer and such other duties as may be assigned to him from time to time by the Board of Directors or the Executive Committee.

Section 3 - Vice-Chairman of the Board - In the absence or inability to serve of the Chairman of the Board, a Vice-Chairman of the Board shall perform the duties of the Chairman of the Board. A Vice-Chairman of the Board shall perform such other duties on behalf of the Company as may be assigned to him from time to time by the Board of Directors or by the Executive Committee or by the Chairman of the Board.

Section 4 - President - In the absence or inability to serve of the Chairman of the Board and a Vice-Chairman of the Board, the President shall perform the duties of the Chairman of the Board.

The President shall have such further duties and powers as the Board of Directors, or the Executive Committee, or the Chairman of the Board may from time to time direct.

Section 5 - Vice-President - In the absence or inability to serve of the Chairman of the Board, a Vice-Chairman of the Board and the President, a Vice-President shall perform the duties of the Chairman of the Board. Vice-Presidents shall have such further duties and powers as the Board of Directors, or the Executive Committee, or the Chairman of the Board may from time to time respectively direct.

Section 6 - Secretary - The Secretary shall keep proper records of all meetings of the shareholders, Board of Directors and the Executive Committee and shall have charge of all other records of the Company. He shall give notice of the Annual General Meeting and, when so directed, of all other meetings of shareholders and shall perform such other duties as may properly be assigned to him by the Board of Directors, or the Executive Committee, or the Chairman of the Board.

Section 7 - Treasurer - The Treasurer shall have charge of the moneys, muniments of title, evidence of indebtedness and securities belonging to the Company and shall keep full and accurate accounts of all receipts and disbursements and perform such other duties as may be assigned to him by the Board of Directors, or the Executive Committee, or the Chairman of the Board.

Section 8 - Manager - The Directors shall have power by resolution to appoint a manager or general manager who, if a director, may be known as the Managing Director and who shall have such powers and perform such duties as may properly be assigned to him by the Board of Directors, or the Executive Committee, or the Chairman of the Board.

Section 9 - Assistants - The Board of Directors or the Executive Committee shall have power by resolution to appoint such assistant secretaries or assistant treasurers or other officers as they may think fit and to determine the powers and duties of any officers so appointed.

Section 10 - In the case of the temporary absence or inability of any officer, the Board of Directors, or the Executive Committee,

or the Chairman of the Board shall have power to delegate the powers and duties of any such officer to any other officer or director pro tempore.

- (2) Section 3 of By-law IV as replaced by By-law XXXVI (2) is hereby replaced by the following:

Section 3 - The Chairman of the Board, or in the event of his absence or unwillingness to act as Chairman, a Vice-Chairman of the Board, the President or one of the Vice-Presidents shall preside at all meetings of the Board, but, if no Chairman of the Board, a Vice-Chairman of the Board, President, or Vice-President has been appointed, or if at any Meeting of the Board, the Chairman of the Board, a Vice-Chairman of the Board, the President, or one of the Vice-Presidents be not present within five (5) minutes after the time appointed for holding the same, the Directors present shall choose one of their number to act as Chairman of such Meeting and the Director so chosen shall preside at such Meeting accordingly.

- (3) Section 2 of By-law IV as replaced by By-law XXXVI (3) is hereby replaced by the following:

Section 2 - Stock Certificates - Certificates for shares in the capital stock of the Company shall be issued in such form as the Board of Directors may decide, and be signed by the Chairman of the Board, a Vice-Chairman of the Board, President or a Vice-President or any Director and Secretary or Treasurer or Assistant Secretary of the Company; provided that the signature of the Chairman of the Board, a Vice-Chairman of the Board, President or Vice-President may be engraved, lithographed or otherwise mechanically reproduced thereon and provided further that, at any time when a corporation is acting as transfer agent in respect of the shares represented by any such certificate, the signature or signatures of any such officers may be engraved, lithographed or otherwise mechanically reproduced thereon. Any certificate bearing the facsimile reproduction of the signature of any such authorized officer shall be deemed to have been manually signed by him and shall be as valid to all intents and purposes as if it had been manually signed notwithstanding that the person whose signature has been reproduced shall at the time that the certificate is issued or on the date of such certificate have ceased to be an officer of the Company. It shall not be necessary to affix the corporate seal of the Company to any stock certificate.

- (4) By-law VII as replaced by By-law XXXVI (4) is hereby replaced by the following:

VII - The Seal

The corporate seal of the Company shall be circular in form and shall bear the name of the Company and the year of its incorporation. Any two of the Chairman of the Board, a Vice-Chairman of the Board, President, any Vice-President, Secretary, Treasurer, Assistant Secretary, any Director or any other persons appointed generally or specially for the purpose by the Board of Directors shall have authority to affix the corporate seal of the Company to any document requiring the same.

- (5) Section 1 of By-law X as replaced by By-law XXXVI (5) is hereby replaced by the following:

Section 1 - All contracts, agreements, deeds, and other documents required for the purpose of the Company's business may be signed on behalf of the Company by the Chairman of the Board, a Vice-Chairman of the Board, President or a Vice-President or a Director and the Secretary or an Assistant Secretary or by any other person appointed generally or specially for the purpose by the Directors, and the seal of the Company may be affixed thereto by any person authorized to sign the same.

- (6) By-law XIII as replaced by By-law XXXVI (6) is hereby replaced by the following:

XIII - Affidavits, Declarations, etc.

The Chairman of the Board, a Vice-Chairman of the Board, President, any Vice-President, Secretary, Treasurer and such other person or persons as the Board of Directors may appoint, or any of them, are authorized and empowered to appear and make answer for the Company to all writs, orders and interrogatories upon articulated facts issued out of any court, to declare for and on behalf of the Company in answer to writs of attachment by way of garnishment in which the Company is garnishee; to make all contracts, affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings to which the Company is a party; to make demands of abandonment or petitions for winding up orders upon any of the debtors

of the Company; to attend and vote at all meetings of creditors and grant proxies in connection therewith.

- (7) Section 1 of Special By-law "C" as amended by By-law XXXVI (7) is hereby amended as follows:

Section 1 - The Board of Directors may from time to time elect from their number an Executive Committee of such number of members (not less than (4)) as the Board of Directors, by resolution, from time to time determine. Such members shall include the Chairman of the Board, a Vice-Chairman of the Board, and the President of the Company. Each member of the Executive Committee shall hold office during the pleasure of the Board of Directors.

**Canadian International
Power Company Limited**

Suite 1800
2020 University Street
Montreal, Quebec, Canada H3A 2A5
Telephone 514-285-1414

**notice of special general meeting
and annual general meeting
of shareholders
to be held may 5, 1978**

1

A Special General Meeting of Shareholders of Canadian International Power Company Limited (the "Company") will be held on May 5, 1978 at 10 a.m., in the Blue Room, of the Ritz Carlton Hotel, 1228 Sherbrooke Street West, Montreal, Quebec, Canada, to sanction proposed By-law XLVII, which reduces the number of Directors from nine to seven.

The Annual General Meeting of the Company will be held at the same place, on May 5, 1978, immediately following the Special General Meeting for the following purposes:

1. To elect a Board of Directors for the ensuing year;
2. To appoint Arthur Young, Clarkson, Gordon & Co., as auditors for the Company for the year 1978; and
3. To receive the annual report of directors, financial statements and auditors' report for 1977 and to transact such other business as may properly come before the Meeting.

Notice of the Special General Meeting and Annual General Meeting is being mailed to Shareholders of record on or about April 10, 1978. No record date has been fixed for Shareholders entitled to vote at the Meetings. Under applicable provisions of the Canada Corporations Act, a shareholder is entitled to vote at a meeting of shareholders if the shareholder is registered on the books of the Company forty-eight hours (excluding Saturdays, Sundays and Canadian holidays) before the time set for the meeting.

The Board of Directors of the Company recommends sanction of By-Law XLVII reducing the number of Directors and adoption of the proposal regarding appointment of Arthur Young, Clarkson, Gordon & Co., as auditors for the Company for the year 1978.

All Shareholders are urged to participate either by sending in their proxies or by attending the Meetings in person.

**By Order
of the Board of Directors
Canadian International
Power Company Limited**

James J. Dealy,
Vice-President and Secretary

Eric H. Campbell,
President.

April 10, 1978

If you cannot personally be present at the Meetings, please fill out, sign and date the enclosed proxy and return it in the enclosed envelope.

Canadian International
Power Company Limited
Suite 1800
2020 University Street
Montreal, Quebec, Canada H3A 2A5
Telephone 514-285-1414

**Proxy Information Circular
(Proxy Statement)
special general meeting and
annual general meeting
of shareholders
may 5, 1978**

2

This Proxy Information Circular and the accompanying form of proxy are being mailed on or about April 10, 1978 to Shareholders of Canadian International Power Company Limited, (the "Company" or "CI Power") in connection with the solicitation of proxies on behalf of management for use at the Special General and Annual General Meetings of Shareholders to be held on May 5, 1978.

As in previous years, the solicitation will be made primarily by mail. Directors, Officers and regular employees of the Company may solicit proxies by telephone, telegram or in person. Brokerage houses and other custodians, nominees and fiduciaries will be reimbursed for the expense of forwarding documents to beneficial owners for whom they hold shares. It is anticipated that the cost of the solicitation of the proxies, which will be borne by the Company, will not exceed \$5,000.*

Where the Shareholder specifies a choice as provided in the form of proxy with respect to any matter to be acted upon, the shares will be voted in accordance with the choice so specified, otherwise they will be voted in accordance with management's recommendations. The proxy is revocable by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and either deposited at the head office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chairman of such Meeting on the day of the Meeting, or adjournment thereof.

On April 3, 1978, there were outstanding 5,876,390 Common Shares which entitle Shareholders to one vote in person or by proxy for each share held.

On April 3, 1978, Baldwin-United Corporation, a Delaware corporation engaged primarily in the financial services business with its principal office at 1801 Gilbert Avenue, Cincinnati, Ohio 45202, owned beneficially 2,938,110 Common Shares or 49.9 per cent of the outstanding voting securities of the Company.

On January 27, 1978, The United Corporation, a closed-end investment company and holder of 49.9 per cent of the Common Shares of the Company, merged with D. H. Baldwin Company to form Baldwin-United Corporation which thereby acquired the Common Shares of the Company previously owned by The United Corporation.

SPECIAL GENERAL MEETING

Shareholders are asked to sanction and confirm By-Law XLVII which decreases the number of members of the Board of Directors from nine to seven and amends the By-Laws accordingly. The number of Directors of the Company is presently fixed at nine by the By-Laws of the Company and there exist two vacancies on the Board of Directors. As the Company is in liquidation, no additional management nominees are being proposed to fill these vacancies and, therefore, it is necessary to reduce the number of Directors to seven.

The Board of Directors enacted By-Law XLVII at its meeting held on March 20, 1978. This By-law becomes effective upon Shareholder sanction at the Special General Meeting and approval by two-thirds of the votes cast at the Meeting is required for the sanction of By-Law XLVII. The Board of Directors believes that the adoption of By-Law XLVII is in the best interests of the Company and the Shareholders generally and recommends a vote in favor of sanctioning this By-Law.

If this By-Law is not sanctioned and confirmed by the Shareholders at this Special General Meeting, the matter will be resubmitted to Shareholders or the two existing vacancies will be filled at a subsequent Special General Meeting for which proxies will be separately solicited.

ANNUAL GENERAL MEETING

Election of Directors

Seven Directors are to be elected at the Meeting to hold office for the following year or until their successors shall be elected or appointed and qualify. The person designated as proxies in the accompanying form of proxy have advised management that unless otherwise directed, it is their intention to vote for the election of Messrs. Morley P. Thompson, Wm. M. Hickey, Eric H. Campbell, William R. Eakin, Alan S. Gordon, John R. Hughes and Harold W. Smith as Directors. All of the nominees are members of the present Board of Directors and have previously been elected Directors by the Company's Shareholders. Although management does not contemplate that any of the above nominees will become unavailable for election for any reason, in the event that a vacancy unexpectedly occurs, the persons named in the accompanying form of proxy will vote for such substitute nominee, if any, as may be recommended by management.

*All figures in this Proxy Information Circular are in United States Dollars unless otherwise noted.

Stock Option Plan:

Under a Stock Option Plan for Officers and key employees of the Company and its subsidiaries, a maximum of 250,000 Common Shares are reserved for issue at a price which cannot be less than 100 percent of the fair market value at the date of grant. In 1977, options for 49,500 Common Shares were exercised for an amount of Cdn. \$617,400 (U.S. \$592,000) and options on 7,000 shares were relinquished. No options were granted to any Director or Officer of the Company after January 1, 1977 and there are no unexercised options outstanding. During the period January 1, 1977 to March 15, 1978, Mr. David C. Mitchell, previously Vice President-Operations of the Company, exercised his option to purchase 7,000 Common Shares for an aggregate price of Cdn. \$81,940. On the date such option was exercised, these shares had an aggregate market value (based on the trading value of such shares on such date) of Cdn. \$118,125. No other options were exercised by any Director or Officer of the Company during such period.

Interest of Management and Others in Certain Transactions:

The law firm of Whitman & Ransom, of which Mr. Richard Joyce Smith, a Director of the Company until his resignation on December 13, 1977, is a member, rendered legal services to the Company during the last fiscal year, and it is anticipated that legal services will be rendered by that firm during the current fiscal year. During the fiscal year ended December 31, 1977, the Company and its subsidiaries paid to Whitman & Ransom fees in the amount of \$210,000.

As part of its plan of liquidation and distribution of assets, the Company has been engaged in negotiations with the minority shareholders of its 70%-owned subsidiary, CI Power Services ("Services"), with a view to a cancellation of the Company's equity interest in Services, on condition that the Company assume certain lease obligations of Services and in consideration of cash payments and dividends from Services of approximately \$386,000. The minority shareholders of Services, who are employees of Services, include Mr. Alfred E. Houghton, who was previous-

ly Vice President-Engineering of the Company and whose 3.5% equity ownership of Services would increase to 13.8% as a result of the transaction. No other Officer or Director of the Company has an interest in the transaction.

Selection of Auditors

Under Canadian law, auditors of corporate accounts represent the interests of Shareholders and, accordingly, are appointed by the Shareholders. Arthur Young, Clarkson, Gordon & Co., Chartered Accountants, were elected annually and served as auditors for the Company since May 12, 1967 and will be nominated for the ensuing year. This firm has for many years been Chartered Accountants in Montreal and other parts of Canada. Arthur Young, Clarkson, Gordon & Co. has no direct or indirect material financial interest in the Company or any of its subsidiaries and has had no connection with the Company or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee. The management of the Company has requested that a representative of Arthur Young, Clarkson, Gordon & Co. be present at the Meetings to answer Shareholder questions and to make a statement if he so desires. An affirmative majority of votes of Shareholders entitled to vote, either present, in person or represented by proxy, is required for the appointment of auditors.

Other Matters

The management knows of no other business to come before the Meeting. If, however, any other business properly comes before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote such proxy in accordance with their best judgment.

To assure representation of your interests, if you cannot attend the Meetings, please sign and return promptly the proxy in the enclosed envelope.

The undersigned hereby certify that the information given in this Proxy Information Circular is true and complete in every respect to the best of its knowledge and belief.

By Order of the Board of Directors

Canadian International Power Company Limited

James J. Dealy,
Vice-President and Secretary.

Eric H. Campbell,
President.

April 10, 1978

Further Information about Nominees for Directors:

3

Name Principal occupation	Period of Service as a Director	The Securities of CI Power and Baldwin-United Corporation owned beneficially as of March 13, 1978 ⁽¹⁾
Morley P. Thompson ⁽²⁾ President and Director, Baldwin-United Corpora- tion; Chairman of the Board and Director, CI Power.	1975-1978	500 CI Power Common Shares. 223,522 shares of Baldwin-United Common Stock. 6,524 shares of Baldwin-United Class U Preferred Stock.
Wm. M. Hickey ⁽²⁾ Director and Chairman of the Executive Commit- tee, Baldwin-United Corporation; Director and Chairman of the Executive Committee, CI Power.	1956-1978	500 CI Power Common Shares. 46,928 shares of Baldwin-United Common Stock. 28,992 shares of Baldwin-United Class U Preferred Stock.
Eric H. Campbell ⁽²⁾ President and Director, CI Power.	1971-1978	50 CI Power Common Shares. 200 shares of Baldwin-United Common Stock.
William R. Eakin ^(2 & 3) Consultant, McLean Kennedy, Limited (steamship agents and managers and terminal operators).	1966-1978	50 CI Power Common Shares. 18,290 shares of Baldwin-United Common Stock. 10,350 shares of Baldwin-United Class U Preferred Stock.
Alan S. Gordon ⁽³⁾ Consultant to Merrill-Lynch, Royal Securities Limited (investment dealers, formerly known as Royal Se- curities Corporation Limited).	1974-1978	100 CI Power Common Shares. 7,240 shares of Baldwin-United Common Stock. 4,600 shares of Baldwin-United Class U Preferred Stock.
John R. Hughes ⁽³⁾ Retired; formerly Chairman, Royal Securities Cor- poration Limited, (investment dealers).	1956-1978	100 CI Power Common Shares.
Harold W. Smith President and a Director, First Federal Savings & Loan Association of Waterbury, Connecticut; Director Baldwin-United Corporation.	1974-1978	2,425 CI Power Common Shares. 2,896 shares of Baldwin-United Common Stock. 1,840 shares of Baldwin-United Class U Preferred Stock.

(1) Direct and indirect holdings of CI Power and Baldwin-United shares include shares held by nominees themselves or in trust and shares, if any, held by members of their immediate families although the nominees may disclaim beneficial ownership of such shares in reports filed with the U.S. Securities and Exchange Commission. Beneficial holdings of shares of Baldwin-United Common Stock by Mr. Thompson do not include any such shares held by trustees of the Baldwin-United employee stock ownership plans for his account.

(2) Members of the Executive Committee of the Board of Directors.

(3) Members of the Audit Committee of the Board of Directors.

Remuneration of Directors and Officers:

4

The following table shows the remuneration paid by the Company and its subsidiaries to each of its Directors and each of its three highest paid Officers whose aggregate direct remuneration exceeded \$40,000, the estimated annual benefits upon retirement and the aggregate remuneration to all Directors and to all Officers and to all Directors and Officers as a group for all periods during the fiscal year

ended December 31, 1977 in which such persons were Directors or Officers of the Company. Other than as disclosed below, the Company makes no other direct or indirect payment to Directors and Officers which might be regarded as remuneration under recently published interpretations of the Securities and Exchange Commission.

Name and Capacity	Aggregate Direct Remuneration	Estimated Annual Benefits Upon Retirement
Morley P. Thompson, Chairman of the Board	\$ 50,000	\$ —
Eric H. Campbell, President	86,340	36,294
Richard G. Munro, Vice-President and Treasurer (2)	50,655	2,352 (3)
All Directors as a group (10 persons) including Messrs. Thompson and Campbell (4)	195,840	36,294
All Officers as a group (13 persons) including Messrs. Thompson Campbell and Munro (2)	595,366	128,727 (3)
All Directors and Officers as a group (21 persons) including Messrs. Thompson, Campbell and Munro (2) (4)	654,866	128,727

(1) Annual benefits under the Company's Senior Employee Pension Plan are calculated for eligible employees, assuming retirement at normal retirement age, under a formula based upon average salary and years of service.

(2) Excludes compensation for loss of office (severance pay) totalling \$79,486 paid to Mr. Munro and one other officer upon termination of employment.

(3) The estimated annual retirement benefits of certain officers of the Company, including Mr. Munro whose employment was terminated during the past year were calculated as of the date of termination.

(4) Mr. Alejandro J. Lara, a Director of the Company until June 30, 1977, served as Chairman of the Negotiating Committee for the sale of the Company's Venezuelan electric utility subsidiaries which were sold in 1976. Following consummation of the sale and in view of the lengthy and complex nature of the negotiations and their successful outcome, the Board of Directors of the Company authorized special payments totalling \$610,000 to the Venezuelan members of this Committee, including Mr. Lara. Such payment to Mr. Lara was expressly conditioned upon the approval of the U.S. Securities and Exchange Commission, which was received on December 27, 1977. Mr. Lara has received payment in the amount of \$272,000, including interest. This amount has not been included in aggregate direct remuneration to all Directors as a group or to all Directors and Officers as a group.

Consulting
Services Provided
By Affiliated
Company

**C I Power
Services
Limited**

AR28

Professional Consultants for
Electric Public Utilities specializing
in:

Feasibility and Financing Studies
Design, Supervision and
Construction

- Generating Plants
- Transmission and Distribution
Systems

Purchasing and Expediting
Services

Administrative Assistance
Rates and Valuation Studies
Accounting and Operations
Consulting

C I Power Services Limited

Suite 1800, 2020 University Street
Montreal, Quebec H3A 2A5
Telephone 514-285-1414
Telex 05-268620
Cable CIPOWER

Canadian
International
Power
Company Limited

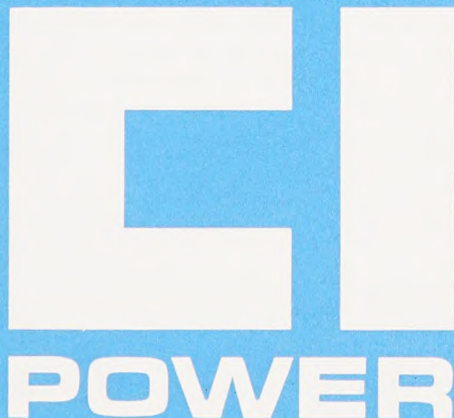
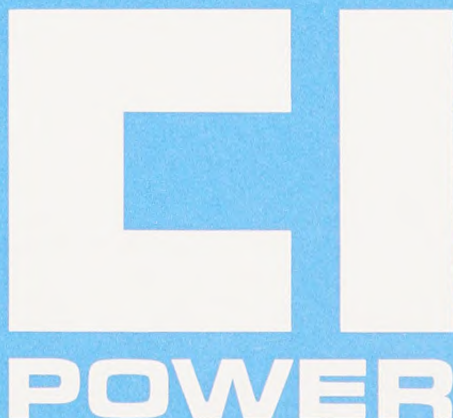
**1977
Second
Quarter
Report**

(Period ended June 30)

Shares of both preferred and
common stock in the Company are
listed on the Montreal Stock
Exchange;
shares of common stock are also
listed on the Toronto Stock
Exchange and the American Stock
Exchange in New York.

**PROVEN CAPABILITIES IN THE
FINANCING, ENGINEERING AND
MANAGEMENT OF ELECTRIC
PUBLIC UTILITIES IN GROWTH
AREAS**

Canadian International Power Company Limited
2020 University St., Montreal, Quebec H3A 2A5

The logo consists of a large, stylized 'CI' in a bold, blocky font, with the word 'POWER' in a similar bold, blocky font directly below it.The logo consists of a large, stylized 'CI' in a bold, blocky font, with the word 'POWER' in a similar bold, blocky font directly below it.

**Canadian
International
Power Company
Limited**
and subsidiary companies

To the shareholders:

Pursuant to the authorization granted to the Company at the Special General Meeting on June 30, 1977, the Board of Directors, at a meeting held immediately thereafter, approved the retirement on July 29, 1977, of the 5.2% Cumulative Redeemable Preferred Shares, 1965 Series. Further, at its adjourned meeting held on July 18, 1977, the Board approved the management plan for distribution of the major part of the Company's assets, comprising payments of US\$20.00 per share and the distribution of its holdings in the power subsidiaries operating in Bolivia and El Salvador (less appropriate taxes). This plan was fully described in a letter to shareholders dated July 25, and you are referred to this letter and the Proxy Information Circular — Prospectus dated June 9, for further details.

Operating revenue for the first half of 1977 at \$35,183,000 was up \$5,461,000 or 18 per cent over the first six months of 1976. Revenues increased in Barbados and El Salvador as a result of higher kilowatt-hour sales. The increase in revenue in Bolivia reflects a small increase in energy sales, as well as rate increases granted in March of 1976 and January 1977.

Consolidated net income for the six months ended June 30, 1977, was \$5,305,000, versus \$8,288,000 for the first six months of 1976. The 1976 figure includes net income from the Venezuelan companies sold, which amounted to \$5,916,000 for that period. On the other hand, the 1977 half-year net income includes an increase of \$1,594,000 in investment income arising mainly from interest on the proceeds received for the Venezuelan properties sold

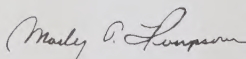
in October 1976. Earnings per common share for the first half of 1977 were \$0.88. This compares with \$1.40 for the same period in 1976.

The hearings before the Barbados Public Utilities Board for increased customer rates concluded on June 20, 1977, after some six weeks, during which time Government and public objectors argued against the increase. A decision from the Board is expected for the end of August.

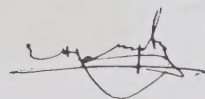
In El Salvador the petition for increased rates has been presented to the new Government and hopefully a favourable decision will be given before long. The increase in rates requested is approximately three and one half per cent.

In anticipation of the proposed distribution to our shareowners of the shares of the Bolivian power company and American Depositary Receipts for the shares of the Salvador power company, enclosed with this report you will find additional financial information on these two companies.

For the Board of Directors,



Morley P. Thompson,
Chairman



Eric H. Campbell,
President.

Montreal, Canada,
August 15, 1977.

**Canadian
International
Power Company
Limited**
and subsidiary companies

**Consolidated
statement of income
for the second quarter 1977**

(Unaudited, in 000's of U.S. Dollars)



For the Three Months Ended June 30				For the Six Months Ended June 30		For the Twelve Months Ended June 30	
1977	1976*			1977	1976*	1977	1976*
\$ 19,167	\$ 15,138	Operating revenue		\$ 35,183	\$ 29,722	\$ 64,432	\$ 52,757
		Operating revenue deductions					
14,786	12,372	Operating & maintenance expenses		27,338	24,084	49,834	41,357
1,115	945	Taxes — income		1,502	1,744	3,587	3,589
319	308	— other		467	433	650	704
16,220	13,625			29,307	26,261	54,071	45,650
2,947	1,513	Operating income before depreciation		5,876	3,461	10,361	7,107
1,105	957	Deduct: Provision for depreciation		2,162	1,910	3,897	3,659
1,842	556	Operating income		3,714	1,551	6,464	3,448
—	3,123	Net income from companies sold		—	5,916	3,238	11,455
1,560	935	Investment income		3,287	1,693	4,227	3,296
3,402	4,614	Gross income		7,001	9,160	13,929	18,199
		Income deductions					
498	588	Interest expense		1,107	1,170	2,368	2,304
(25)	(366)	Interest charged to construction (credit)		(40)	(708)	(303)	(1,303)
393	201	Minority interest		629	410	1,062	802
866	423			1,696	872	3,127	1,803
2,536	4,191	Income before extraordinary item		5,305	8,288	10,802	16,396
		Extraordinary item					
—	—	Loss on sale of Venezuelan utility companies		—	—	(55,577)	—
2,536	4,191	Net income (loss)		5,305	8,288	(44,775)	16,396
		Deduct: Canadian International Power Company Limited dividend on preferred stock		140	131	272	260
79	66						
\$ 2,457	\$ 4,125			\$ 5,165	\$ 8,157	\$ (45,047)	\$ 16,136
		Earnings (loss) per common share					
\$0.42	\$0.71	Before extraordinary item		\$0.88	\$1.40	\$1.81	\$2.78
\$0.42	\$0.71	After extraordinary item		\$0.88	\$1.40	\$(7.65)	\$2.78

*Figures restated where necessary to conform with the 1977 presentation.

**Canadian
International
Power Company
Limited**
and subsidiary companies

**Consolidated
statement of changes
in financial position
for the second quarter 1977**

(Unaudited, in 000's of U.S. Dollars)

	<u>1977</u>	<u>1976*</u>
Source of Funds:		
Current operations:		
Net income excluding loss on disposal of assets	\$ 5,582	\$ 8,288
Charges against income not involving the use of funds in the current period:		
Depreciation	2,162	1,909
Provision for employees' indemnities	247	200
Minority interest	629	410
Shares of earnings of Venezuelan companies sold	—	(5,916)
Dividends from Venezuelan companies sold	—	3,956
Working capital provided from operations	8,620	8,847
Additional borrowing — long-term debt	225	2,524
Proceeds on stock options exercised	591	—
Net decrease in investments and other assets	3,566	—
Customers' contributions for line extensions	153	81
Deferred charges and other	97	—
	<u>13,252</u>	<u>11,452</u>
Application of Funds:		
Additions to property, plant and equipment net of proceeds from disposals	3,091	6,036
Dividends	2,334	4,490
Dividends paid by subsidiaries to minority shareholders	259	258
Purchase for cancellation of 5.2% preferred shares	12	28
Redemption of preferred shares by a subsidiary	56	—
Deferred credits	—	165
Reduction of long-term debt	518	796
Premium on redemption of 5.2% preferred shares	93	—
Net increase in investments and other assets	—	542
	<u>6,363</u>	<u>12,315</u>
Increase (decrease) in working capital	<u>\$ 6,889</u>	<u>\$ (863)</u>

*Figures restated where necessary to conform with the 1977 presentation.